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# Latin America Report

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## LATIN AMERICA REPORT

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## PETROBRAS ESTABLISHES NEW RECORD FOR OIL PRODUCTION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Apr 82 p 19

[Text] Rio de Janeiro---On the day before yesterday, PETROBRAS [Brazilian Petroleum Corporation] recorded the highest petroleum production level ever in its 27-year history: 281,638 barrels daily, compared to the 276,594 recorded 3 days earlier. The firm's technicians were expressing elation at the fact that the country had surpassed the 280,000-barrel level thanks to "excellent" performance by the fields in Rio de Janeiro (Campos Basin)--which has now achieved production of 110,638 barrels daily--Bahia, and Sergipe.

In announcing the historic record, PETROBRAS also explained that domestic petroleum production in March of this year totaled 8,073,078 barrels, an increase of 16.1 percent over the same month last year, when the total was 6,954,129 barrels. The daily average in March was 260,423 barrels, also a new record.

The data provided by PETROBRAS show that the continental shelf produced 4,285,190 barrels in March of this year, for an increase of 31.3 percent over the same period last year, when 3,262,935 barrels were produced. Also in March 1982, the onshore fields produced 3,787,888 barrels, compared to 3,691,194 in March 1981, for an increase of 2.6 percent.

Brazilian petroleum production from January through March of this year totaled 22,836,641 barrels, an increase of 20.2 percent over the same period last year.

So far this year, the country's average daily petroleum production in barrels has risen as follows: January: 247,000; February: 253,000; and March: 260,000. PETROBRAS announced that it should end the year with a daily average of 265,000 barrels. That would represent a 20-percent increase over 1981.

Daily Petroleum Production<sup>a</sup> by State (in barrels)

Rio de Janeiro.....	110 638
Sergipe .....	80 070
Bahia .....	49 293
Rio Grande do Norte .....	15 964
Espirito Santo.....	15 253
Ceará.....	6 730
Alagoas.....	3 690
Total .....	281 638

Domestic Petroleum Production (in barrels)

	(1) Março/82	(1) Março/81	Jan/Mar/82	Jan/Mar/81
Terra (2)	3.787.888	3.691.194	11.005.754	10.727.480
CE (3)	13.460	201	43.727	855
RN (4)	21.687	1.510	41.261	2.869
AL (5)	119.865	84.233	331.825	270.473
SE (6)	1.087.997	922.789	2.810.566	2.697.097
BA (7)	2.130.689	2.262.189	6.245.444	6.571.791
ES (8)	414.190	420.272	1.205.308	1.184.375
Mar (9)	4.285.190	3.262.935	11.830.887	8.266.081
CE (3)	216.935	146.238	626.023	424.562
RN (4)	432.990	382.608	1.470.996	1.133.170
SE (6)	390.974	486.013	1.157.858	1.447.220
BA (7)	307.867	273.833	831.367	802.697
ES (8)	85.541	66.106	246.120	195.865
RJ (10)	2.850.883	1.908.137	7.498.523	4.262.567
Total:	8.073.078	6.954.129	22.836.641	18.993.541

Key:

1. March
2. Onshore
3. Ceara
4. Rio Grande do Norte
5. Alagoas
6. Sergipe
7. Bahia
8. Espírito Santo
9. Offshore
10. Ric de Janeiro

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## ONLY FOUR DISTILLERY PROJECTS APPROVED IN FIRST QUARTER

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Apr 82 p 40

[Text] Brasilia--As a result of implementation of the new guidelines in the National Alcohol Program [PROALCOOL], which make the approval of projects subject to stricter requirements than before, the National Alcohol Executive Commission (CENAL) approved only four distillery projects between January and March.

In the first quarter of last year, CENAL approved 29 distillery projects, and by the end of 1981 it had approved 76 projects with a total nominal production capacity of 1,644 million liters of alcohol per harvest--an average of 6.3 projects approved per month. As a result of implementation of the new requirements, the number of new projects approved this year is going to be much smaller.

CENAL's new requirements were established in December of last year, and one of their basic principles is that the production goal of 10.7 billion liters of alcohol per harvest, originally set for 1985, has been deferred for at least 1 or 2 years.

Another reason for restricting the approval of projects in PROALCOOL's sphere of activity was that the nominal production capacity of distilleries already installed, in the process of being set up, or approved as of the end of last year represented over 8 billion liters per harvest, thus coming quite close to the production goal of 10.7 billion liters.

The undertakings that are a part of PROALCOOL total 390, including many that are already producing alcohol, others that are in the process of being set up, and others in the design stage, with a nominal production capacity exceeding 8 billion liters per harvest. This is in addition to the 900 million liters produced by distilleries that existed before the program was set up in 1975.

More than 120 projects are being analyzed by CENAL, and their nominal production capacity is over 2 billion liters per harvest, meaning that if they are all approved, they will guarantee the production goal of 10.7 billion liters.

One item in PROALCOOL's new guidelines stipulates that priority approval will be given to projects not financed by the program, and of the four projects approved in the first quarter of this year, two are in that situation. Another

one, this one derived from a previous project for setting up seedling nurseries, is also considered a priority.

Next in order after the distilleries to be set up with their own funds, CENAL is giving priority to the approval of projects for which most of the financing will be provided by the project backers. The purpose is to relieve to some extent the heavy burden that PROALCOOL's investments represent for the government, since it will cost from \$5 billion to \$6 billion to achieve the production goal of 10.7 billion liters of alcohol.

As part of its efforts to make alcohol production increasingly competitive, CENAL is giving priority to the approval of projects located in the service areas of distribution centers where the production of alcohol is deficient. The purpose is to avoid additional transportation costs for the product.

Also being given priority by CENAL are projects involving a lower industrial and agricultural investment per daily liter of alcohol produced, those that practice combined cropping, intercropping, or rotation by growing sugarcane along with other products, those that require less investment in support infrastructure for transporting the alcohol, and those located in pioneer areas in conjunction with agroindustrial development plans.

Under PROALCOOL's new guidelines, program financing cannot be obtained for projects whose average agricultural output will be less than 65 tons per hectare and whose industrial output will be less than 50 liters of alcohol per ton of raw material (microdistilleries), 60 liters per ton (minidistilleries), and 70 liters per ton (large-scale units).

Also not being approved are expansion projects for distilleries whose previous projects have not been completed, projects for setting up autonomous distilleries with a production capacity exceeding 180,000 liters of alcohol per day in their first phase, and expansion projects for distilleries whose present capacity is equal to or more than 360,000 liters per day.

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## ALCOHOL MAY FUEL ENTIRE VEHICLE FLEET BY 1990

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Apr 82 p 19

[Text] Brasilia--PROALCOOL [National Alcohol Program] may replace 50 percent of the gasoline consumed by the national fleet of vehicles by 1985, and it may be supplying the entire fleet by 1990. That is the prediction contained in an article in the magazine ATUALIDADES, which is published by the National Petroleum Council (CNP). The article was written by Amaury Santos Fassy, author of the book "Brazil and the Energy Dilemma." He warns that Brazilian petroleum reserves--on the order of 1.4 billion barrels--are the equivalent of only 4 years of domestic consumption. PROALCOOL's goal is to produce 10.7 billion liters per harvest.

According to Fassy, our petroleum reserves provide "a strong indication of how Brazil will have to increase petroleum prospecting over the next few years" while simultaneously stepping up its efforts to see that the National Alcohol Program's goal is achieved.

In connection with the policy for replacing petroleum with domestic alternative sources, Felix Andrade da Silva, alcohol coordinator for the CNP, also has an article in the same magazine. In it he upholds the need for the government to encourage the production of buses, minibuses, light and medium trucks, and farm machinery designed to run exclusively on alcohol. In addition to providing petroleum savings, replacing diesel oil in those vehicles with alcohol would decisively open up a new market for PROALCOOL.

According to the alcohol coordinator, that replacement is necessary because Brazil is most vulnerable in the area of diesel oil because of the latter's economic supremacy over other petroleum products, "considering this period of crises and tensions in the Middle East, from where the country imports 75 percent of the petroleum it consumes."

## Production

According to a report by the National Alcohol Executive Commission (CENAL), domestic alcohol production totaled 3,913.1 million liters last year, including 2,650.6 million liters of anhydrous alcohol and the remainder hydrated. Consumption during the same period totaled 1,482.2 million liters of anhydrous alcohol and 1,367.1 million liters of hydrated.

The report also says that as of last 31 December, the network of retail alcohol outlets comprised 8,529 operating stations. In all of 1981, the CNP authorized 5,530 stations to sell alcohol. On that point, the CENAL report contradicts another article in the magazine ATUALIDADES concerning the CNP's activities last year, which says that authorization of those 5,530 stations to sell alcohol brought to 8,675 the number of establishments qualified to sell alcohol, representing an increase of 56.89 percent over 1980.

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## NICARAGUAN OIL EXPLORATION TALKS TO BE CONCLUDED BY MAY

Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Apr 82 p 16

[Text] Negotiations with Nicaragua by BRASPETRO [PETROBRAS International, Inc], a PETROBRAS [Brazilian Petroleum Corporation] subsidiary, concerning petroleum exploration on the Pacific coast will be concluded by May. The final agreement will make the Brazilian state-owned firm the first to explore for petroleum in that country, raising to 10 the number of countries in which it operates.

In an interview held yesterday in connection with BRASPETRO's 10th anniversary, company chairman Joel Mendes Renno estimated that the firm's investments in 1982 would total \$95 million and that its revenues would total \$60 million. In its 10 years of activity, the firm has invested \$70 million and invoiced \$830 million in connection with petroleum production, services, and even the sale of equipment.

## Nicaragua

Renno explained that BRASPETRO's choice of a specific region is based on three factors: technical, economic, and political. In Nicaragua's case, the firm concluded, with the help of the Ministry of Foreign Affairs, that the political risks are smaller than those of a technical and economic nature.

Nicaragua is not producing a single drop of petroleum so far. But according to Renno, studies preliminary to the drilling work that are available from PETROMIC--the local petroleum firm--indicate a "possibility that BRASPETRO will be successful." It remains only to determine the minimum investment needed and to decide how to share the petroleum if a discovery is made.

## Activity

BRASPETRO's first exploration work abroad was in Iraq, where it discovered the largest well to be found during the 1970's. It currently operates in nine countries: Algeria, Angola, the PRC, Congo, Guatemala, Iraq, Libya, Trinidad and Tobago, and South Yemen. The most recent contracts were signed with China, where seismic surveys have already been conducted and where the firm, together with British Petroleum, intends to submit a drilling proposal, and with South Yemen.



BRASPETRO produces petroleum in 3 of the 10 countries where it is active in direct petroleum exploration or in the provision of services. Those three are Angola, Algeria, and Guatemala, and together they provide it with a total of 1 million barrels annually. But Renno emphasized that there are only three countries from which PETROBRAS does not buy petroleum regularly: Guatemala and South Yemen--which are not yet exporters--and Trinidad and Tobago, whose sales are sporadic.

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## OIL CONSERVATION MEASURES, DOMESTIC PRICE INCREASE DISCUSSED

## Conservation Measures

Caracas EL NACIONAL in Spanish 27 Mar 82 p D-1

[Article by Edgardo Silberkasten]

[Text] The minister of energy and mines yesterday invited a group of economic journalists to his office to discuss the oil situation. At the recent OPEC meeting in Vienna, it was decided to cut production to 18 million barrels a day, and to hold prices at \$34 per barrel. This has aroused a good deal of controversy in economic, social, and political circles in Venezuela.

Before the meeting, noted Humberto Calderon Berti, there was a great deal of scepticism, and all the predictions mentioned problems. There was no lack of people who said that the organization would cut prices. In support of this position, the analysts cited the price reductions made by England, Norway, and the USSR. Furthermore, almost all the countries had reduced their production, and the threat of a larger Mexican supply also had a negative impact. In addition, industrial stocks were over 4.5 million barrels a day.

According to the minister, the first analysis made by OPEC takes on special importance, as all the studies of demand for 1982 agreed with the staff reports. The conclusions: between 45.5 and 46.3 million barrels per day.

Of this amount, until 1981 the Western countries which are not OPEC members provided between 20 and 23 million barrels. The studies set this amount between 23 and 24 million for 1982. Therefore, OPEC's share, and the share of the Western developed countries, will both be between 22 and 23 million barrels. In this context, said the minister, how long, and at what rate, will it take to reduce inventories? Calderon Berti emphasized that even assuming a larger consumption than the present--which

is unusual--starting in the second quarter, inventories should rise. The options considered were varied: the situation might improve at the end of the second quarter, or it might last a month longer. In the worst scenario, Calderon Berti explained that the OPEC countries would have to cooperate, in the third quarter, with a level of 22 million barrels. Thus, "as the average for the first 6 months should be about 18 million, we would close the year with an average of 20 million barrels, which means a substantial improvement during the second half of the year."

Despite the minister's optimism, the journalists present insisted on discussing the worst case: that production might remain stable at 18 million barrels. "Then prices will have to go up," the minister responded emphatically, "since inventories would be at critical levels."

He also spoke of the production and export capacity of the oil-producing countries which are not OPEC members. England exports 200,000 barrels a day; Norway, 450,000; Oman, 350,000; and Mexico, 1,200,000 barrels. Even though these countries, particularly Mexico, are not producing at peak capacity now, the OPEC staff believes that they will respect the general accords.

Calderon Berti pointed out that one of the most important issues agreed upon in Vienna concerns the establishment of the follow-up committee. This group will monitor economic indicators in the industrialized nations, the petroleum demand of these countries, changes taking place in inventories, volume and prices in the spot market, and the real production figures of both members and nonmembers of OPEC. Because of the reporters' insistence on the worst possible domestic scenario, the minister pointed out that Venezuela will be able to export 1,215,000 barrels per day, from its production of 1,500,000 barrels, beginning on 1 April. In order to do this, a package of conservation measures is being developed, which will be presented for the consideration of the economic cabinet next Monday. These measures include: setting speed limits, the extension of the nondriving day to other cities in Venezuela, and establishing a system of taking turns at service stations.

The minister went back to the subject of the OPEC meeting, saying that the decisions reached there are historic, and in his opinion, they are the most important agreements reached by OPEC throughout the years of its existence. "For the first time we managed to reach agreement on production. We hope that on this basis we may be able to reestablish market equilibrium and

return to the production levels of the first quarter, when Venezuela's average was 1,855,000 barrels per day, and exports were 1,530,000 barrels." The minister believes that the average exports for the year will be between 1,400,000 and 1,450,000 barrels per day.

In closing, Humberto Calderon Berti admitted that all the studies being done, both in the oil industry and by his office, consider five possible scenarios. The most pessimistic is based on a level of 1,200,000 barrels a day of exports, while the most optimistic cites 1,600,000 barrels a day of exports. "I don't think that either of the two extremes is likely; I am inclined to think that exports will average about 1,400,000 barrels per day."

#### Domestic Oil Price Increase

Caracas EL NACIONAL in Spanish 27 Mar 82 p 8

[Article by Amado Fuguet V.]

[Text] The loss of revenue caused by the decline in both oil production and prices has aroused some support for an increase in the price of gasoline and some hydrocarbon byproducts used in the domestic market.

President Luis Herrera Campins, however, remains adamant in pointing out that during his administration, the cost of gasoline will not be changed. The minister of energy and mines, Humberto Calderon Berti, said only that because of the president's position, he had no course to follow other than to behave like a "disciplined official."

Despite this comment, in recent days there has been a movement in support of a price change among the staff members in the Ministry of Energy and Mines who are studying various alternatives for implementing a plan that will readjust domestic energy prices and energy usage patterns by the automotive and industrial sectors.

This indicates that the possibility of a price readjustment has not been definitely ruled out. This proposal is not a new one, and is actually included in the Sixth Plan. In this document, one of the fundamental premises for the energy sector is the establishment of a national domestic energy price system that will take into account "international prices, the present domestic price, and the objectives of income redistribution and the reduction of poverty, which are guidelines for the strategy of the Sixth Plan."

Apart from the AD [Democratic Action] leader Gonzalo Barrios, and other opposition leaders, groups such as the National Economic Council, the Workers Bank, FENEGAS [National Federation of Gasoline Service Stations], and the petroleum industry itself have all cited the need to revise the energy price structure within the context of an integral energy policy.

This would have two principal objectives: to reduce automotive and industrial consumption, and to eliminate oil industry losses caused by the low prices of the hydrocarbon products used in Venezuela.

#### Dangerous Consumption

National demand for these products in 1981 came to a total of a little over 368,000 barrels per day. The petroleum industry had expected larger consumption, since 1980's total sales came to approximately 348,000 barrels per day.

The slowdown in the increase in consumption is in any event not the result of a deliberate policy to bring about such an effect. The cooling off of the economy and the rainfall during the first half of the year were largely responsible for the behavior of demand, as reports prepared by the oil industry show.

Gasoline consumption last year averaged almost 165,000 barrels per day, 3.8 percent more than in 1980, when the figure was estimated at a little under 158,000 barrels per day. Forecasts prepared by PETROVEN [Venezuelan Petroleum] for gasoline consumption show a trend toward 6 percent growth, estimating the 1981 average at about 168,000 barrels per day.

This slowdown in the increase in demand was caused by, among other factors, the regulation of smaller cylinder capacity engines and by the decline in automobile sales, which has generated some nervousness in the national automobile assembly industry.

Between 1980 and 1981 the behavior of the other petroleum byproducts used in the domestic Venezuelan market showed a 4.7 percent increase in total distillates, of which diesel fuel showed an upward movement of 6.1 percent, caused primarily by the use of new thermoelectric turbines in the West. Kerosene and jet fuel sales declined by 5.3 and 2.8 percent, respectively.

The biggest increase in all the products was in residuals (13.5 percent). From a consumption of 46,000 barrels per day,

this figure rose to 53,000 barrels per day, in round numbers. The biggest part of the growth in demand for residuals came from the power-generating sector, for the consumption of Tacoa, Planta Centro, and Ramon Laguna (ENLEVEN), which have expanded their generating capacity, as a result of the delay in the nation's hydroelectric projects.

Consumption trends during the previous decade suggest that demand should rise significantly over the next few years. A recent report (November 1981) prepared by the division of prospective studies of the Ministry of Energy and Mines states that "energy consumption has outstripped economic growth. This can be explained by the importance of extractive and basic industries in our economy, for these industries are big energy consumers."

An analysis prepared in May 1981 by the National Economic Council, which is chaired by Carlos Rafael Silva, pointed out that it is to be expected that trends in demand would continue to follow the same patterns as those observed previously, if conservation measures are not implemented.

"The evolution of overall internal demand," states this report, "both for final consumers and for the energy sector, should have significant consequences on the oil industry's ability to generate foreign currency earnings, to the extent that the reduction in the amount available for export and the increase in costs are not offset by increases in domestic or foreign prices."

The Ministry of Energy and Mines projections place internal energy demand for the year 2000 at 1,200,000 barrels of petroleum equivalent per day, in conservative terms, even though a figure above 2 million barrels per day seems more credible. This has been corroborated by the various scenarios used for the projections.

#### Industry Investments

To meet the demand of the domestic market, the oil industry has made some major investments; these investments reveal the growing gap between the cost of production plus transport and earnings from sales. Until 1975 concession holders spent 227 million to meet national demand.

Humberto Penaloza, the PDVSA [Venezuelan Petroleum] director, estimated some months ago, at the time of the Annual Energy Convention, that during the first 5-year period under the nationalized system (1976-1980), investments amounted to 583 million bolivars, a little over twice the spending by the multinationals.



Such investments were for terminals, pipelines, storage equipment, other equipment, expansions, and other lesser items.

In addition, the Venezuelan Petroleum operators have for some years been paying for the execution of the program to change refining standards. This is largely for the needs of products used in the domestic market. In the case of its El Palito refinery, CORPOVEN has invested 1.794 billion bolivars in plant construction and expansion.

Until 1980, direct domestic market operations cost about 2 billion bolivars. Of this amount, 1.6 billion was used for transport, distribution, supply, service stations, personnel training, and technical consultation.

According to Penalosa's data, the industry's subsidy for domestic consumption in 1980 was 1.607 billion bolivars, plus 323 million for covering the differential in sales margins in service stations.

#### The National Price System

"Price is a key factor in decreasing the incidental costs associated with different levels of the energy chain. These costs arise because of the nonuse of the resource in the best possible way, in which its productivity reaches the maximum level possible, both technically and economically."

This evaluation is contained in a report prepared in mid-1981 by the energy planning division of the ministry of energy and mines. The report also states that measures for orientation, normalization, and compulsion can be used to reduce consumption. The issue of prices is included under the first of these three categories.

A national energy price system is considered in the Sixth Plan, even though there is an official government position opposed to its implementation. The analysis prepared by the MEM [Ministry of Energy and Mines] technicians, based on a hypothetical increase of 10 percent, reveals that the added burden in the cost to the final consumer is not very important.

As an example, it points out that "the incidence of energy resources in industrial cost structures is of little significance. In industries which produce finished consumer goods, its impact is 1.38 percent; for producers of intermediate goods, its weight is 7.96 percent, and for basic and capital goods industries, its weight is 5.61 percent."

In like manner, "a 10 percent change in the present prices of gasoline and lubricants would raise the present costs by 3 percent, distributed as follows: gasoline, 2.5 percent; and lubricants, 0.5 percent."

It is the opinion of the ministry technicians that a reduction in the price of gasoline alone would be as great a mistake as keeping it at the present price level. The National Economic Council has said that the price of a good part of the hydrocarbon products should be adjusted gradually to their true cost. This would help to increase the financial self-sufficiency of the petroleum industry, and might possibly have an impact on levels of consumption within a reasonable period of time.

The PDVSA directors feel that freezing the prices of products refined in Venezuela does not help to improve consumption patterns, but as Humberto Penaloza said: "The industry understands that the establishment of a rational price structure is the sole prerogative of the national executive."

A report released by the petroleum affairs division of the BTV [Workers Bank of Venezuela ], directed by the former top MEM officials, Jose Manuel Tineo and Arevalo Guzman Reyes, advocates "the implementation of a price strategy allowing gradual price increases, year by year, over a period of time to be determined in the context of overall planning."

This proposal seems to be the most appropriate solution, since an isolated increase in energy prices, particularly in gasoline prices, will not create a rational demand structure. The opinion of the president of MARAVEN, Alberto Quiros Corradi, is valid on this point: an energy price policy must be contained within the framework of an integral policy for the entire sector.

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CSO: 3010/1334



## EVENTUALITY OF BRITISH ATTACK EVALUATED

Buenos Aires LA NACION in Spanish 5 Apr 82 p 9

[Article by Ramon L. de Oliveira Cezar: "Eventuality of a British Counterattack"]

[Text] It is to the point to say that from Quiaca to Ushuaia we have reveled in the most joyous moment of the century. But now that our euphoric and unanimously shared paroxysm has passed, it appears to us indispensable that we try to survey our present position and even try to draw some geopolitical and strategic conclusions. As we see it:

1. The execution of Operation "Recover the Islands" was completed to perfection in a joint effort by the three branches of the Armed Forces, although the specific roles of the Navy and Air Force were determinative.
2. The feverish activity of the days that preceded the operation, and the information arriving from Port Stanley--where the landing was being expected--indicate that military secrecy could not be maintained. On Thursday evening, a taxi driver informed me that "we would be invading the Malvinas" that night.
3. Owing to our nearness to the islands--a strategic advantage of the very first order whose influence has now made itself evident and will continue to do so in the future--the operation was able to be completed without giving London time to mount a naval-military deterrent force.
4. Moving with speed, Argentina has inverted the prior situation and has produced what is known as a viable "fait accompli." For England, it will be particularly difficult now to reverse the present situation. But let us take heed! It could try to do so.
5. Putting aside the moral argument that we have acted in the defense of our legitimate rights, the use of force by Argentina was able to be brought off without the constraint of an opposing international pressure. On the other hand, the future use of force in reprisals by England would have to take place under the hostile eyes of the United Nations, which hold diplomatic negotiation as the only means for resolving conflicts.

6. In the crude words of the proverb: "Hitting first is like hitting twice." But our satisfaction must not induce a false sense of security such as to think the matter is closed and that our adversary will not react. That he will is a certainty. Where and when?

7. Let us not make the mistake of taking matters lightly and ignoring the fact that, contrary to popular assumption, the English temperament is not phlegmatic and resigned, but rather impulsive and proud--painfully proud--at the end of this 20th century in which the British lion's erstwhile sharp fangs have been ground down.

8. There can be no doubt that, even though he is arthritic, the lion still possesses sophisticated armaments and naval forces that are far superior to those of Argentina. What will happen if, despite international pressures, he decides to use a few of them against us?

9. To begin with, a confrontation in the South Atlantic between an English fleet and units of our Navy would certainly have an unfavorable outcome for us. And, the British landing in the islands that would be sure to follow could not be prevented by an Argentine garrison that will have lost its Navy-dependent logistical support. Our aviation, in turn, based in Patagonian airdromes, would find supportive action very difficult, given the distances involved and the antiaircraft weaponry aboard modern naval units.

10. It would appear from this that we would find ourselves in a hopeless situation. But, if we study the problem in depth we will see that is not the case. In the long run, England cannot hope to win a confrontation of this nature. Despite its naval superiority, it has two decisive factors against it: a) Remote-ness, b) Motivation.

11. Even though in a first retaliatory armed counterblow Great Britain might perhaps repulse Argentine naval units and retake the lost islands, it would find it impossible to establish a presence in the South Atlantic by maintaining substantial naval and ground forces there for any length of time.

12. The difficulty and the cost of such a show of power would not only be prohibitive but it would be absurd pigheadedness to insist on defending a few wind-swept hectares and a handful of colonial employees (whose rights no one is threatening). England needs to hold on to all of its resources and war panoply, as its only and compelling arguments of any weight in the crucial strategic balance required within the Northern Hemisphere.

13. Aside from their wounded pride and the desire to restore their prestige in the cunning eyes of the Third World, the British lack any other motivation for carrying out a military action of vengeance. I do not believe that in itself is sufficient. Without underestimating the virulence of wounded feelings, it is improbable that the British people--burdened as they are today with grave problems--will accept the costs and the ups and downs of a distant and doubtful venture for the sake of some islands whose location many of them do not even know.

14. But while the British lack a valid motivation, we, on the other hand, have one that we have nurtured for a century and a half. And we are close. Despite any circumstantial setbacks we might suffer, we would merely have to repeat the operation of 2 April 1982. Again and again. As many times as necessary. The Malvinas can thus continue being part of the legacy left to us by Spain.

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CSO: 3010/1335

GEOPOLITICAL, STRATEGIC IMPORTANCE OF FALKLANDS REVIEWED

Buenos Aires LA NACION in Spanish 5 Apr 82 p 9

[Article by Jorge Alberto Fraga: "Geopolitical and Strategic Importance of the Malvinas, Georgia and South Sandwich Islands"]

[Text] From the geographical standpoint, the Malvinas Archipelago is a Patagonian landslide situated inside the Argentine continental shelf.

To this must be added its proximity to the passages between the Atlantic and Pacific Oceans, that is, the Straits of Magellan and the Drake (or Hoces) Passage, as well as its relatively short distance to the Antarctic Peninsula.

From the economic standpoint, its past importance in relation to seal and whale hunting is now transformed into a far greater importance, as disclosed by the Shackleton Report, owing to the presence of sedimentary basins capable of yielding hydrocarbons in close proximity to the islands, and to its location within the Argentine continental shelf making it a magnificent station for fishing fleets or for the catching of krill, the greatest single source of proteins known today, found just a little more to the south.

Excellent Position

As regards their potential in the scientific and technical fields, the islands are excellently positioned from the standpoint of the tracking of satellites and the establishment of space, ionospheric, meteorological and oceanographic research stations.

Politically, the Malvinas have enabled and continue to enable the interference of Great Britain in the South Atlantic, an interference that materializes through its presence in the South Georgia, Gough, Santa Elena and Tristan Da Cunha islands as well.

This presence and occupation has for its part served the United Kingdom to claim rights over the so-called Falkland Islands Dependencies, which in the beginning (1908) included the Georgia and South Sandwich Islands as well as the sector claimed by Great Britain in the Antarctic (20 degrees W to 80 degrees W), which as we know overlaps the sector claimed by our country.

## Obligatory Point of Arrival

In this regard, the Malvinas are an obligatory point of arrival for the British Antarctic expeditions, which in turn have their base at Grytviken (South Georgias), where the British Antarctic Survey is established.

Seen from the other end of the telescope, the Malvinas issue, though very little understood in Great Britain, is on the other hand of vital political and emotional importance in our country, which for years has been struggling for the reintegration of the archipelago into its national sovereignty.

Entering upon the strategic terrain and reviewing a bit of history, we recall that in 1748 Commodore Anson ascribed to the islands a "prodigious strategic importance" and recommended that they, as well as Patagonia, be occupied.

Following its occupation and subsequent abandonment of Port Egmont, Great Britain paid no more attention to the islands until the discovery of the Antarctic in 1819 and the colonization of Tasmania created the need of a base, which it obtained in 1833 by way of its occupation of the Malvinas by force.

During World War I, the waters near the islands were the field of battle between the naval forces of British Admiral Sturdee and German Admiral Von Spee, and during World War II, British ships based in the Malvinas pursued and sank the pocket battleship "Graf Spee."

The opening of the Panama Canal lessened the importance of the route via Cape Horn or the Straits of Magellan, but today, the possibility that the Canal will be less used and the size of ships, both merchant and naval, could revitalize the need for these islands, and then the excellent position of the Malvinas would restore the strategic importance of the islands.

From our own country's standpoint, the position of the Malvinas on the eastern edge of our continental shelf and of the Argentine Sea imparts to them a singular political and strategic importance, not only as a naval and air early-warning and intercept base, but also as control point with respect to fishing vessels and/or unauthorized incursions for the purpose of exploring and exploiting natural resources.

## Potential Threat

Consideration must be given to the significance of the archipelago in the hands of an enemy, in which case its position is a potential threat in terms of possible air and ballistic missile attacks on important points such as Rio Gallegos, Comodoro Rivadavia, Aluar and Sierra Grande.

But perhaps its most important aspect at this time has to do with maritime jurisdictions and hence the attempt to assign to the archipelago a 200-mile ZEE [Exclusive Economic Zone], which would further complicate the problem of sovereignty.

Therein lies the quiddity of the dispute. If to the position of the Malvinas we add the economic element so clearly brought out by the Shackleton Report, and then the current thinking with respect to maritime jurisdictions (ZEE's), it becomes starkly obvious that possession of the islands endows Great Britain with a formidable negotiating position vis-a-vis Argentina that translates into terms not only of sovereignty but also of cooperation and/or coparticipation in the research and economic exploitation of the adjacent seas.

At this point, our brief analysis gives rise immediately to the questions: What is the outlook? What are our alternatives?

### Three Alternatives

In answer to these questions, we shall consider three alternatives: The political, the economic and the military.

1. Political alternative: This means continuing to work through the international organization and bilateral negotiations.

This is a slow process, with ups and downs, and moments of great optimism and raw pessimism. It is road by way of law, to which our country has always held so firmly.

Many think that the measures regarding communications have only served to benefit the islanders and save money for the British. Others think that they provide a road by which sovereignty over the islands can be more easily restored to our country.

Lastly, others think that, having gone as far as we have in catering the interests of the inhabitants of the Malvinas, the action alone of canceling those measures can be a weapon to be used when circumstances so require.

In any case, it is evident that the timely words of the Shackleton Report: "Argentine cooperation is indispensable," and the British interest in participating in the future exploitation of the area's natural resources, together, provide a motivation that can press the negotiations forward to a future politicoeconomic agreement.

2. Economic alternative: By this we mean the alternative based on acquisition of land or ownership in enterprises on the islands. This solution has been tried several times. The most recent attempt was by way of the firm Arbol Solo S.A., which in March 1977 tried to buy the controlling shares of the FIC [Foreign Investment Council], without success, and in April 1978 tried to acquire an estancia but failed because of the British crown's refusal to authorize such purchases.

This road appears completely closed and can only be reopened as an outcome of substantial progress in the negotiation.

3. Military alternative: The Malvinas Islands were occupied by Great Britain through a military act of force. This alternative would involve the execution of an inverse action.

It will come as no surprise to anyone that this option has been repeatedly analyzed and that the military occupation of the Malvinas presents not too great a problem for Argentina.

The present circumstances in which the United Kingdom seeks to frighten our country by sending warships have revived consideration of the cited alternatives. The choice we have made is now known.

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## GOVERNMENT TAKES STEPS TO SECURE U.S. LOANS

Buenos Aires LA NACION in Spanish 10 Apr 82 p 7 sec 3

[Text] Argentina will make an effort to obtain loans in the United States, for an amount not yet established, said sources with ties to foreign banks operating in Buenos Aires.

Since the uncontested report from London that the Gulf International Bank of Bahrein had suspended until further orders the concession of a \$200 million loan to the state-owned Greater Buenos Aires Electrical Services (SEGBA) subsequent to the British National Westminster Bank's withdrawal from the operation, at the highest levels of Argentine government financing, an incessant search has reportedly begun to find solid contacts with private banks in the United States in order to meet the country's loan needs.

Argentina, according to the U.S. press, needs long-term loans to enable it to cope with the servicing of its foreign debt, which this year will require \$7.2 billion. Under normal circumstances, 60 percent of that amount would have come from London.

But according to local bankers, the current Argentine-British conflict, the freeze on the Argentine Government's financial deposits imposed by Great Britain, and the credit boycott proposed by the Bank of England, rarefied the situation. Moreover, the Exchequer of the United Kingdom has mobilized its network of contacts to block any monetary aid; an example of this is the situation of the Royal Canada Bank.

Although the Chase Manhattan Bank's share there ensured an independent credit line from that institution, claimed expert sources, the British Crown allegedly pulled strings in the Commonwealth to suggest that the bank temporarily refrain from engaging in any transaction with Argentina. This would be serious, because Canada controls the consortium The Orion Royal Bank, for several years the bridgehead of Argentine foreign debt with the European markets.

The current efforts by the Argentine Government in Washington with the Morgan Guaranty Trust Bank, according to local businessmen, would also test the willingness in Buenos Aires not to fall into arrears with respect to the normal deadlines for the servicing of the debt. Indeed, on Wednesday



more than \$300 million was reportedly drawn on New York in an attempt to demonstrate the nature of the situation, and to modify temporarily the terms of payment: The payments usually made to London will be done to the United States, where non-British entities may collect as usual, and British entities will find that the money is in trust until the confrontation subsides and bilateral relations ease up.

In addition to the \$5.7 billion owed to Lloyds, National Westminster, Midland Bank and Barclays, Argentina has acquired debts in London with a dozen other entities, the most prominent being Deutsche Bank, with \$339 million; Citicorp with \$3.132 billion; Amro Bank with \$3.398 billion; the Bank of Tokyo with \$2.983 billion; Credit Lyonnais with \$262 million; Dresdner Bank with \$238 million; and Morgan Guaranty with \$231 million.

Between 1976 and 1981, according to the National Office of Sectorial Research of the Secretariat of Commerce, Argentina's gross foreign debt grew by 105.9 percent in real terms, while reserves grew by only 26.2 percent; the private debt quadrupled and the public debt doubled, while the gross foreign debt/gross domestic product ratio went from 22 to 43.4 percent.

In the last few hours the international press has reported that international bankers fear that during the present conflict over the sovereignty of the Malvinas Islands, one of the two superpowers will intervene and provoke a payments crisis greater than that of Poland; because Argentina's foreign debt (\$345.5 billion) is \$7 billion higher than Warsaw's debt.

Another issue that must be straightened out is the information held by foreign banks to the effect that the Bank of England is expected to mobilize its influence to strangle Argentina financially in case war breaks out, as well as the Latin American countries that support Argentina if the Inter-American Reciprocal Assistance Treaty is successfully invoked.

The loans by commercial banks headquartered in London to developing countries are almost all to medium-income countries: Algeria, Mexico, Venezuela, Argentina, Spain, Brazil, Korea and Yugoslavia make up 60 percent of the bank debts held by the 260 institutions that operate out of London.

The debt owed by developing countries to private banks totals \$300 billion, and at the recent meeting in Cartagena, Antonio Ortiz Mena (head of the Inter-American Development Bank) warned of the dependence being created in Latin America by impositions stemming from the external sector.

Since the 70s, the indebtedness of non-industrialized countries has become the specialty of the banks grouped in consortia that have set up shop in London to take advantage of infrastructure and tax advantages.

As a hedge against inflation, the bankers adopted a basic floating or variable interest rate, which in London is known as "Libor." They may add a percentage point to that, depending on their confidence in the borrower.

Between 1974 and 1978, real interest rates were negative; but since 1979 they have been positive--now 15 1/4 percent annually--because of the restrictive monetarist policies applied in the West. This has damaged some economies, including Argentina's.

Every jump in the "Libor" means that our country has to pay some \$400 million more per year in interest, according to a report by the Central Bank.

The Argentine private foreign debt amounts to \$14 billion, while the public equivalent is \$20 billion, 25 percent more than in 1980.

But the most interesting aspect of a debt is its profile, and according to the World Bank, only \$3.5 billion of the public debt is in the medium or long term; the rest has a short term, 1 to 18 months.

In 1981 exports totaled \$9 billion, in contrast to a net foreign debt--debt minus reserves--of \$298 billion. This yields a debt/export ratio of 3.2 in favor of obligations.

This imbalance led Economic Minister Roberto Alemann to say in February that in 1982 "the public foreign debt will not exceed that of 1981 in real terms;" that is, it would go up in accordance with an international inflation rate estimated at 10 percent a year, going from \$20 billion to \$22 billion.

Now, with the Malvinas conflict at hand, the terms of the formula could vary; the reserves of the Central Bank and the funds that monetary authorities manage to obtain are used for the punctual payment of the debt service, so as not to fall in arrears with the International Financial Corporation and to prevent a greater increase in the risk premium--the surcharge over the basic interest rate--in order to accelerate the request for funds that would be needed in the event of a conflict which would require outlays in foreign currency.

It is hard to say whether the indebtedness guideline can be maintained, given the economic and inflationary problems the current tension entails, and the slow-down in production that has been predicted for April and beyond; but one thing that is certain is that the foreign debt is an Achilles' tendon which Great Britain would like to exploit, and which has prompted Argentina to seek help from Washington and New York, concluded the sources.

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## EFFECTS OF ECONOMIC SANCTIONS ON DOMESTIC FRONT REVIEWED

Buenos Aires LA NACION in Spanish 7 Apr 82 p 13

[Text] The bellicose atmosphere between Great Britain and Argentina as a result of the recovery of the Malvinas and the over-reaction by the British, have been paralleled in the financial sphere. Saturday the British government issued Decree 612, which froze Argentine financial assets (including those of diplomats) in Great Britain, principally deposits belonging to the Central Bank, the Argentine Shipping Lines (ELMA) and other enterprises, primarily state-owned, in British banks. Some estimates of the amount embargoed reach as high as \$1.5 billion. This measure also covered credit insurance on exports to Argentina.

In retaliation, the Central Bank took the opposite measure, suspending debts to persons of any nature with a residence or place of business in the United Kingdom, as well as transfers of those debts (Communique 4618). This measure affects the servicing of loans from British banks, which some estimates place at \$5.8 billion, out of a total foreign debt of \$34 billion. With regard to the problems this will cause in international banking, see elsewhere on this page.

## Severe Exchange Control

The emergency led the Central Bank to do away with free exchange and the "dirty flotation" system adopted at the end of last year. In their place, the bank is leaning toward strict exchange control. In short, the only payments in foreign currency now permitted correspond to imports and related expenses: freight, insurance, commissions and interest (up to 2 days before the due date of the bills, and if there are no bills and no expiration date, authorization must be obtained from the Central Bank), and to service the foreign debt, again 2 days in advance.

No other reasons for the sale of these reserves are foreseen, so no dividends may be drawn, nor can foreign credit cards be paid or foreign currency purchased for travel, etc. It is evident that these restrictions are draconian.

## Tense Monday, Calmer Tuesday

In this rarefied atmosphere, the market was extremely tense on Monday. There was not a single increase on the stock market, and losses were

severe. The Bonex, the only crack in the exchange market, opened very bullish, going as high as 1,455,000; it closed down, however, at 1,365,000 (the equivalent to a little less than \$14.550 and 13.650 for the dollar). On Tuesday the picture was different, especially after 1300 hours when rumors of American mediation broke out. The Bonex, which had opened at 1,400,000, fell back to 1,300,000. Stocks regained their Monday losses. The subsidiary of British American Tobacco, Nobleza Piccardo, jumped from \$2.50 to \$2.90; Perez Companc from 5.20 to 5.80; Terrabusi from 3.70 to 4.30; Tabacal from 1.90 to 2.25; Dalmine from 2.15 to 2.40, just to mention a few noteworthy cases.

#### Liquidity Problems on Financial Market

The financial market is suffering from severe liquidity problems, caused by three factors:

- Losses of reserves, estimated at \$100 million so far this month
- Increase in reserve requirement
- Loss of deposits

Some analyses reach the conclusion that instead of expanding monetary resources (M2) by 4 percent this month, in accordance with the Economic Ministry's guidelines, these resources will shrink or remain at March's level. This sparked rumors that the reserve requirement would be lowered.

As for the loss of deposits, that in turn was caused by three factors: the planned tax on financial assets, the Malvinas crisis and the need for cash for the Holy Week holiday. Given that the exchange market is closed (and that even if it were open, unless the Central Bank intervened it would not influence the amount of money), and that there has been no increase in purchasing, operators estimate that the loss of deposits will be resolved by raising the amount of money held by the public (commonly termed "in the mattress") in order to guard against contingencies and the remote possibility of bank closings due to the Malvinas crisis.

#### Soaring Cost of Loans

Top flight firms are reportedly paying up to 180 percent annual interest (14.80 percent monthly) for very short-term loans. When viewed against an inflation rate of less than 5 percent in March, it is obvious that the real cost of money has reached 10 percent a month.

"If things continue like this, when the State has shrunk and resources are freed up for the private sector, there will be no private sector left," the analyst of a well-known firm commented to LA NACION. He added: "The monetary policy should be less strict, and on the other hand, the effort to put enterprises in private hands should accelerate."

#### Privatization Plans

Meanwhile, at the Secretariat of Planning the plans of the different ministries for turning enterprises over to the private sector have begun to be

delivered, the deadline having fallen on Monday. Those of the Ministry of Public Works and Services, except for the Railroads and Social Action plans, arrived punctually. The Economics and Railroads plans are expected today. The Secretariat of Planning will coordinate the plans and send them to the president on the 23rd of this month.

A few plans, such as that of Telephones, have been revealed; the telephone plan calls for the demonopolization of telex, data processing and other services, such as those which join the financial entities. In their place, regional monopolies would be set up for the most common services.

#### Harvest Shipments Normal

Contrary to some rumors that indicated otherwise, the coarse grain harvest is being shipped at a pace normal for this time of the year, at about 100,000 tons per day. For this reason, or due to the shortage of pesos, sales on the exchange market exceeded purchases yesterday.

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## CRISIS ADDS TO DIFFICULTIES IN FARM EXPORTS

Buenos Aires CLARIN in Spanish 10 Apr 82 Supplement pp 1-2

[Article by Mario Krasnob; passages enclosed in slantlines printed in boldface]

[Text] The political crisis that has arisen between Argentina and Great over the possession of the Malvinas Islands is also one of the /key problems of the agriculture sector,/ although it should be noted that it is not the only problem. At this point the /rarefied atmosphere of the international markets/ as a corollary of the economic measures taken by one side or the other, coincides with the possible consequences of such measures within Argentine territory, and the presence of other economic problems in the sector, which are still /latent/, because of the temporary delay of their solutions.

The /ban on British importation/ of Argentine products and the probable extension of these measures to the European Economic Community (EEC) are now having a direct impact on the agriculture sector, as well as a wide range of related industries.

As Undersecretary of Livestock /Jorge Tanoira/ (who is also a member of the National Meat Board) said last week, /meat exports to the United Kingdom/ currently account for \$130 million a year, and that country purchases approximately /50 percent of the canned goods/ we export. All of the exports in this category sent to the EEC amount to some \$200 million, and represent an average of about /30 percent of all exports each year./

The sector most /badly hit/ is probably the /meat exporting industry,/ which is encountering three serious problems.

First of all, there is merchandise that has been /embargoed and is en route/ to the British Isles (amounting to approximately \$9.5 million), /which does not have the corresponding open letters of credit./ Therefore, if it reaches its destination, /it will be embargoed/ and transferred to official depositories in the case of non-perishable goods; it is not yet known what will happen to perishables.

The suspension of operations has caught the sector with a considerable /stock in industrial plants, which will be difficult to send to other

destinations/ outside the European Economic Community, because in many cases there are cuts especially made for the EEC or goods that are packaged and labeled according to special standards.

The third problem facing the industry is /the increase in the idle capacity of plants,/ especially those used for the production of manufactured goods, because of the considerable volumes they export to England.

In this regard, business leaders have already contacted economic leaders, it is said, and the latter have promised to /come to the aid/ of the sector, particularly in /financial/ terms. These industries must deal with various immediate obligations, especially in the case of cattle operations, which have payment periods of 15 to 30 days.

What will the repercussions be in the international meat trade? In this area, Argentina has not been in a very good position, even before the conflict.

Tanoira himself acknowledged that for a relatively important customers, such as /Egypt/--a country with which a /contract was just signed/ to provide 40,000 tons of meat--several problems arose that /drove down prices/ from \$2,000 to \$1850 per ton. The problems can be summed up by noting that competitors abroad (Uruguay) and even at home did not feel bound by the Board's objective, and specifically made offers at /significantly lower/ prices, which forced the above-mentioned price reduction.

Tanoira also spoke of the /aggressive policy/ for the sale of meats that /Brazil/ has practiced on the international market, particularly with regard to /manufactured/ and /canned/ goods. Thus, it would not be surprising if in this new situation this country /tried to grab a substantial piece of the market;/ it should be pointed out, however, that the quality of its products differs from that of our own.

/The EEC itself has stepped up its meat production considerably;/ while in 1972 its purchases totaled 943,000 tons and its sales 58,000 tons, in 1980 that ratio was reversed, with purchases by the group amounting to 365,000 tons and exports totaling 642,000 tons.

It remains to be seen what will happen to the /marketing of livestock on the domestic market./ While it is true that over the past week the market has been /stable,/ production and industrial circles do not discount the /possibility of a drop in prices/ as a result of 'decreased demand/ because of substantial inventories remaining in the coolers.

#### Grains

The situation in this sector /is not similar/ to that of meats. /Some 70,000 tons of corn are sold to England,/ but it must also be noted that approximately 1.2 million tons, 5.7 percent of total exports, are sold to the European Economic Community.



The most significant difficulties appear to be in /industrial oils,/ where sales to the Community are indeed important.

In this area, it was revealed last week that /linseed oil,/ a product that is in demand during wartime, was withdrawn from the European market, and the local industry, observing better possibilities for sales, raised the price of the seed.

In order to /prevent speculative maneuvers, the Grain Futures Market imposed a series of restrictions so that this market would not become a replacement for the exchange market./ Accordingly, all sales transactions must respond to a /genuine need/ of operators, for an indefinite period.

In the grain trade, /contracts signed with the Soviet mission/ have attained special importance recently. That mission visited the country not long ago, headed by Soviet Vice-Minister of Foreign Trade /Alexei Manzhulo./

Although the agreements reached /do not mention the likelihood of increased Soviet purchases,/ which in 1981 accounted for 77 percent of our exports, the /political importance/ of such purchases is such that it is assumed that these levels will be maintained at no less than /the same proportions as last year./

Several sources in the private sector insisted that the Soviets have a particular interest in maintaining a /"reliable"/ market where they can go to get grains and meats without being subject to the /vagaries/ of international politics.

The mission's objective was to /try to equilibrate the balance of trade/ between the two countries. To a great extent that goal was reached, because while in 1981 \$67 million worth of imports were bought from the USSR, it is expected that in the next 3 years /Argentine purchases will amount to \$500 million./

All these issues will be even clearer when, at the end of this month, a /new Soviet mission/ will come to our country to /finalize/ their grain purchases, which will obviously be considerable.

Romero Feris

The hopes of this sector continue to be pinned on developments in this sphere, around which the political situation of the country revolves.

In a speech given in his native province, Corrientes, the president of the /Argentine Rural Confederations, Raul Romero Feris,/ expressed his /support/ for the efforts of the National Government with respect to the country's external situation, and contended that false moves in other areas /"could mean that if time runs out for the economy, it will also run out for the political sphere, with all the ensuing implications."/

The Corrientes leader stressed that the attempt to /maintain an anti-inflation program that has nothing to do with reality/ runs counter to an exper-



ience that not only can be traced to, but has been aggravated by /"this profound and undeniable recession,"/ when the country /"has already touched bottom, and its material and moral reserves are being depleted."/

He added that the variables that led to this difficult economic situation /"have not by any stretch of the imagination been neutralized."/ The high cost of financing, which "/generated/ the agricultural debt and /contributed/ to the decapitalization and stagnation of agricultural holdings, /is far from allowing,"/ much less promoting, the /"rehabilitation of the productive apparatus."/

In any case, Romero Feris echoed the feelings of the sector in general: the hope that the new situation will be resolved rapidly, but that at the same time urgent needs will be met.

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## MEATPACKING INDUSTRY VOICES CONCERN OVER SANCTIONS

Buenos Aires LA NACION in Spanish 7 Apr 82 p 6

[Text] The embargo on Argentine goods sent to Great Britain has caused great consternation in the local meatpacking industry. The situation was analyzed yesterday at a meeting at the Argentine Association of Meat Industries; it is possible that the concern expressed there will be conveyed next week to the corresponding economic authorities.

Several local firms have contracts with English companies, and to fulfill those contracts they have processed meats which in some cases are already on board ships heading for Great Britain; in other cases, they have been stored in refrigerated warehouses.

The fact that these companies will not be able to collect anything for these transactions will pose problems for them, because they counted on the foreign exchange generated by their exports to pay off the livestock operations within the agreed-upon term--15 to 30 days--and to meet their own operating expenses.

It is very likely that these firms will ask for economic compensation in view of this situation; however, such compensation would not be backed up by government funds, but rather by part of the British funds frozen here.

\$9.5 Million

When asked about this matter, Undersecretary of Livestock Jorge Tanoira stated that the National Meat Board is aware of the shipments made by two firms, one valued at \$6 million and the other \$3.5 million. "The product is en route to London, but the letters of credit have been cancelled. We still do not know what will happen to these goods. We will have to see how the events unfold. The country is involved in a serious conflict, and this is not the time to bring up sectorial problems. At any rate, the situation will be studied, and the solution deemed most appropriate under the circumstances will be adopted."

Tanoira, when asked about the impact the English commercial blockade could have on our meat exports, stated that Great Britain is the principal buyer of canned meat, and that sales by our country to that market total about \$130 million a year.

He also pointed out that at this time he has no knowledge of the position the European Common Market will take in this emergency, but he recalled that it is our second-largest buyer of meats, after Russia. Tanoira also indicated that this year the European Common Market was to pay economic compensation because of the entry of Greece, a customary buyer of Argentine meats, into the Community. Thus, it was to increase its purchases by 7,500 tons of special cuts.

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## PRIME MINISTER SPEAKS AT CARICOM CONFERENCE

Belize City THE BELIZE SUNDAY TIMES in English 4 Apr 82 p 7

[Speech by prime minister at opening ceremony of Seventh Meeting of the Standing Committee of Ministers responsible for foreign affairs]

[Text]

Belize City - Wednesday, March 31, 1982.

We welcome you and wish your attendance at this Conference a fruitful and happy one.

Belize takes its place among you as an independent state. For us, as no doubt it was for you, it is a new challenge to create a better society in a better region.

With you we propose to make progress toward the goals we have set in order to improve life and opportunities in our Community.

The task before us is a difficult one, made more difficult by the hurricane winds that blew across our constituencies and threaten to divide us.

It is to our best interests that together we ride out this hurricane. To do so, we hold to such basic principles as respect for the rights of others and non-intervention in the affairs of others.

These are the principles which keep us true to ourselves and firm in our conviction. They will ensure us the right to preserve our national identities, to improve our economic lot and to develop our political institutions.

Among the difficult but vital issues which will arise in the Conference are the CARIBBEAN BASIN INITIATIVE and the VIOLENCE IN CENTRAL AMERICA.

These are important issues and we must face them.

Belize responded to President Reagan's February 24th speech to the Organization of American States on the Caribbean Basin Initiative in terms of thanks and a step in

the right direction, some certainty as to all its benefits and support of the view that infrastructure is basic to further development.

We would add our concern that every effort be made to ensure that all of us be included in the programme. Such equitable treatment is in the tradition and practice of economic cooperation programmes with other industrial partners of the initiative.

We would invite the Conference to support the on-going negotiations in some of the capitals of our region. A successful conclusion of these negotiations can do so much to restore the climate of peace and increase the prospects for further development.

It would also ensure for all our nations the right to self-determine their future.

We would welcome and would wish that the Conference support the recent statement by the Foreign Minister of Honduras, Doctor Edgardo Paz Barnica to the Organization of American States that his government proposes a six-point plan of peace for the region. One point is to maintain absolute respect for defined borders, demarcations and traditional lines of jurisdiction of States of the region so as not to disturb the peace by new disputes which could arise over the territorial and maritime order.

It is with respect for and observance of these basic principles that peace and progress will come to our region.

For this just objective we pray God His help and counsel for the work of our Conference.

## PMDB CHAIRMAN ULISSES GUIMARAES DISCUSSES ELECTIONS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Apr 82 p 6

[Interview with Ulisses Guimaraes, chairman of the Brazilian Democratic Movement Party, by Marcondes Sampaio in Brasilia; date not specified]

[Text] Brasilia--Despite official warnings that the opposition must refrain from describing the elections of 15 November as a confrontation with the regime, Deputy Ulisses Guimaraes, national chairman of the PMDB [Brazilian Democratic Movement Party], feels that the campaign must have the character of a plebiscite. He makes the proviso, however, that this must be viewed as a natural process, since according to him, the party does not intend to adopt "violent solutions" to the Brazilian political crisis.

In an interview with FOLHA DE SAO PAULO, Ulisses attempts to show that the recent warnings by the military ministers against radicalism were not directed at the PMDB, since the party, according to its chairman, "is strictly democratic" and opposes "any kind of extremism." At the same time, he emphasizes that the PMDB is not letting up on its denunciations of "government blunders," although it avoids personal attacks on the president of the republic.

Ulisses complains that the government treats PMDB members as "enemies" and behaves "in such a way as to make the PMDB a ghetto to be persecuted, and that includes a propaganda campaign costing billions in public money that is carried on through television and radio for electoral purposes."

In the deputy's opinion, the biggest problems being faced by the opposition since the repeal of AI-5 [Institutional Act No 5] have to do precisely with the difficulty of making its ideas known, in contrast to the official "abuse of propaganda," and the legal proceedings instituted against its members under the National Security Law, which in his opinion is being transformed into a "tool for carrying out a purge."

Ulisses challenges the charges that the PMDB has no alternatives to offer for resolving the economic crisis facing the country, and he presents arguments to show that his party is in a position to govern thanks to its experience in local administrations oriented toward social issues. Lastly, he reaffirms the party's commitment to the Constituent Assembly and to the restoration of direct elections for the president of the republic.

FOLHA DE SAO PAULO: Following publication of the orders of the day from the military ministers and President Figueiredo's pronouncement on 31 March, it was noted that the PMDB was concerned to avoid making any trenchant responses to the serious warnings against radicalism contained in those pronouncements. Was that caution a spontaneous attitude, or was it, as some accounts would have it, part of a sensible strategy aimed at deflating those warnings?

Ulisses: The party did not meet to reach a formal decision concerning the remarks by the military ministers. The PMDB feels that the warnings or references contained in the orders of the day do not apply to it. The party is strictly democratic and opposes any kind of extremism. Its commitment is to democracy. But since it is an opposition party, it does not neglect its duty when it must denounce a crime or a case of deception or corruption, because the wrongdoing is not in the denunciation but in the facts reported. The government may even say that they are not true. If there is a crime, it is up to the opposition to demand punishment for those responsible. As for the call for moderation that was made by the president of the republic, I feel that the government should also show moderation, but that is not what happens, for example, when it calls for a total ban on cross-voting, something that vetoes choice by the voter and bans the secret ballot, which was established to free the voter of pressure from the government and from economic power. The committed vote flings open the door to let economic power in. The seats of deputies will be furniture that can be bought at auction by the one who pays the most. Another case of unconstitutional discrimination--a law designed to persecute the party--is that which prevents discontented PDS [Social Democratic Party] members from coming over to the PMDB. The government has decreed that discontented people exist only in the PMDB and that no one is discontented in the other parties, especially its own--the PDS--even though we see in the newspaper columns the vast discontent that exists there. Neither is there moderation in the existing economic policy, which victimizes vast Brazilian masses through inadequate wages and the lack of jobs. The government is behaving in such a way as to make the PMDB a ghetto to be persecuted, and that includes a propaganda campaign costing billions in public money--the people's money--that is carried on through television and radio for electoral purposes. There is no moderation in this, but punishment is necessary. The president of the republic himself should take steps in this matter. In short, what we want to say is that the government treats us as enemies and the PDS as a military camp for destroying the PMDB. I also want to say that there has never been a personal attack on the president of the republic by the party. We have always respected the person of the president of the republic. But as far as his government is concerned, when there are errors--and there are errors of the greatest seriousness--we must denounce them and stress the seriousness of government blunders.



FOLHA DE SAO PAULO: In some sectors, there are persistent charges that with the merger, the PMDB's action became subject to the group regarded as radical. How do you view such charges?

Uliases: That is an old accusation. Ever since the old MDB [Brazilian Democratic Movement] was formed and decided to actually act as the opposition and not to be an acquiescent opposition, slander of that kind has appeared. The allegation used to be that the party was communist. That was being said at meetings. Since those accusations brought no results--because they were lies and the people do not let themselves be deluded--the party has grown steadily, so much so that in the last campaign, in 1978, hardly any accusations of that kind were made, at least on radio and television. Since the merger, the party has continued to behave as it always has, and an expression of that is the memorandum issued last week (against the government's election bill). That memorandum was approved unanimously at a miniconvention, so it is an expression of the party's thinking. The fact is that the legal opposition in Brazil is not being respected when some view it as a traitor to the fatherland and as subversive. It is not supposed to disagree. It is supposed to be in the chorus of those who always say yes, of those who agree with everything. But we are going to do our duty.

FOLHA DE SAO PAULO: When you were talking last week about the anniversary of the 1964 Movement, you said that "the people's commemoration will be on 15 November, when they will vote in their plebiscite against all that." That statement about plebiscites is viewed in official circles as a confrontation that must be avoided.

Uliases: I don't understand why that concern exists. It would be justifiable if we were planning violent solutions. But what we are seeking is a civilized solution. That is what is done by democratic countries, which use the plebiscite or referendum to solve their problems--even their most serious problems. If the people are sovereign in a democracy, it is they who must decide. Elections constitute the only civilized way for us to solve our problems without traumatism. That is why I don't believe that that path will be obstructed.

The government is aware of the extremely serious problems that would result from such a move. As far as the PMDB is concerned, its great sin--its mortal sin--is that it is prepared to assume power in terms of its program, its men, and its cadres.

FOLHA DE SAO PAULO: In terms of difficulties, what is the difference between being the opposition under AI-5 and under the so-called process of relaxation?

Uliases: The difficulties under the iron gauntlet of AI-5 were, first of all, the terror and fear that it spread, followed by the revocation of mandates. Those were difficulties that affected primarily individuals: union and political leaders, for example. Currently, the problem is that the difficulties arise from prosecutions, with that National Security Law being transformed, in fact, into a tool for carrying out a purge. There used to be the kind of purge in which the majority did not accept the most energetic and most annoying leaders. In that period, the purge took place after the elections. That is the

way it was done until 1930, and it was as a result of that practice that the electoral courts were established. That was the so-called "recognition," and it was given by the political power--by the National Congress. Now the purge takes place first. In other words, those leaders are prevented from even appearing on the ballot. Legal proceedings are instituted for the purpose of making candidacies impossible. There is also the matter of propaganda: in many states, the local press has well-known ties with the government, and there is very rare penetration--if any--of its news pages by the opposition. And what is censorship? Censorship means preventing dissenting voices from being heard. In the abuse of propaganda--which is the cult of personality--the important thing is to talk about the politician, the candidate, or the governor, not about what is being done. What we actually have is a monologue, and only the Federal Government, state government, and even municipal government--as is the case in Sao Paulo--do the talking due to their solid grip on radio and television. The opposition has no opportunity to speak. That is a form of censorship--censorship through economic power and through the misuse of public money for improper propaganda.

FOLHA DE SAO PAULO: When AI-5 was about to be repealed, progovernment politicians were saying that the opposition was not prepared to deal with a situation of political relaxation and that it was even less prepared to govern. In fact, there are signs that it is replacing institutional struggle with action that is basically electoral. It seems that the conditions no longer exist for a joint effort by the opposition in the political field.

Ulisses: Attempts are frequently made to stir up trouble for the opposition in society by saying that it has no cadres--that it is in no position to govern. It must be remembered that the MDB has gotten mayors elected in the most important municipalities, whose tax collections are greater than those of several states. As a result of the way our mayors have acted in those city halls, the rule is that one MDB administration is followed by another MDB administration. They are administrations in the modern mold, without a concern for triumphalism, lighted fountains, and showy public works, but having a concern for public works with a social content. The opposition is therefore qualified to govern, as it is proving in the municipal "school of government," which is the most arduous.

FOLHA DE SAO PAULO: What about the division existing in the opposition?

Ulisses: The government talked about the multiparty system solely to justify the extinction of the former MDB. It was a violent measure because in fact, it does not allow the characteristic feature of the multiparty system, which is coalitions among parties and not the absolute commitment of votes. But considering the reality that several parties do exist, it is understandable that there should be differences in platforms, the presentation of problems, and the hierarchy of priorities in the various opposition slates. Essentially, however, we have stuck together, as in the events in Riocentro and Pernambuco and in our denunciation of the misuse of public money for propaganda, our opposition to the economic model, our support of the right to strike, and our denunciation of violence. In those areas, all the opposition parties have been strictly in tune with each other. We have upheld the thesis that we should not

fall into the government's boobytrap, and that is why we merged, as a response to the government in power. But we respect the other parties which see things differently.

FOLHA DE SAO PAULO: A few days ago, you expressed your opposition to any pact between governors that might be elected by the PMDB and the central government. You said that the party should bind itself to its commitments to the people. What are those commitments?

Ulisses: The commitments are those in the party platform. The greatest one is to the Constituent Assembly--to the struggle against the system. The candidates for governor are going to campaign on that basis. We feel that those elected by the party will be in a position to govern with the mayors who have remained faithful to the opposition: by demanding of the Federal Government what should be granted to the state governments. I feel that the governors are going to use their victory to take a step forward: to achieve greater mobilization so that we will have the Constituent Assembly, direct elections for the president of the republic, and, finally, bring the country back to democracy.

FOLHA DE SAO PAULO: How do you view the accusations that the PMDB has no alternatives to offer for dealing with the economic crisis being faced by the country?

Ulisses: Those are totally unjust criticisms. The PMDB has a bookcase with 19 publications--detailed documents prepared by economists and social scientists and dealing with topics as varied as the situation in education, social welfare, the agrarian problem, foreign indebtedness, the loss of national control over the economy, and the tax problem, among other things. The fact is that those proposals frequently do not get the publicity that they should. Our accusers allege that we have no proposals, but they do not read our documents. Moreover, we have introduced innumerable bills in Congress that are rejected at the start because they are considered unconstitutional or are defeated in committee by the government's steamroller because they run counter to the centralizing economic model.

FOLHA DE SAO PAULO: Does the PMDB have suggestions to make concerning the problem of urban violence?

Ulisses: As is true anywhere in the world, that problem is linked to the problems of poverty, hunger, the lack of education and health and, in short, of prospects for human growth. While so much money is being spent on trips abroad and on propaganda, we see that the penitentiaries are overcrowded and present the most difficult and subhuman conditions, and that is what causes rebellions. It is clear that this problem must be solved, but the solution must be based on the fact that the problem is basically social. When that assertion is made, they say that the opposition is radical, but it is the people who are expressing themselves. So as long as we do not have a society which is at least reasonably just, or not so unjust, those explosions of violence will continue because, I repeat, the causes lie in the process of crushing the citizen--the worker, his wife, and his children.

## FIGUEIREDO IRRITATED AT PRESS TREATMENT OF GOVERNMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Apr 82 p 4

[Text] Brasilia--President Figueiredo is annoyed with the press in a general way and feels that treatment of the government in news items and commentaries has been unfair in the great majority of cases, while criticisms, which are very acceptable if constructive in nature, have leaned mostly toward partiality and systematic opposition. The presidential irritation has been reflected recently in the coolness with which he deals with reporters, even those who have accompanied him since before he took office and who were able, in the early months of his administration, to maintain cordial and courteous relations with him.

The president's attitude is confirmed by the spokesman for the Planalto Palace, Carlos Atila, who emphasizes that he is receiving constant complaints from the head of government concerning the way the government has been treated by the press since he took office. General Figueiredo's aloofness from reporters has reached such a point that his closest assistants consider it unlikely that there will again be a less formal and impersonal relationship than the one that has come to prevail now, since attempts by the head of government's advisers to alter his attitude in the matter have not succeeded in changing his mind.

The problem has not, however, shaken General Figueiredo's interest in reading the country's chief newspapers every day. He is even in the habit of carrying them with him to read in the intervals between audiences or the transacting of ministerial business. And it is not unusual for him to make notations in pen and send them to his press secretary. In those notes, Figueiredo draws attention to details quoted as being truthful but which, in his opinion, do not correspond to the facts in reference to private meetings or gatherings at Planalto Palace, where the only witnesses are himself and his interlocutors.

The president of the republic's conduct in relation to the press is not reserved exclusively for the newspapers: it also extends to television stations and weekly magazines, which, he says, make it a point to present exclusive information on private meetings as though they had obtained valuable details from the participants. In a single article in the weekly magazine that enjoys the largest circulation in the country, Figueiredo was able recently to note five items of information which he said were wrong. But the president's closest advisers prefer not to particularize his comments on the matter, since they

want to avoid what could be regarded as a phase of hostility between the government and the press, considering that inappropriate in a process of democratic relaxation.

The "unfair treatment" perceived by the president and his advisers has reference to the prominence given to political differences inside the government and the PDS [Social Democratic Party] and the systematic reporting of negative facts "as though they were all due to the government's ineptitude and were not, in many cases, an accumulation of historical problems," while on the other hand, certain achievements are not given appropriate prominence. Political analyses in the press are also considered factious in many cases, and greater prominence is said to be given to news from opposition political leaders.

Press secretary Carlos Atila cites two specific items published by O ESTADO DE SAO PAULO, a newspaper regarded by Planalto Palace as engaging in systematic opposition: the recent reports on the surplus electric power generated by Itaipu and those on itinerant workers, which it says did not draw attention to the government's programs for the training of rural workers. A more constant complaint from the president's advisers concerns photographs of Figueiredo, since they feel that a preference is shown for photos in which he appears relaxed and sometimes in positions that could give rise to malicious interpretations. One example cited was a photograph in which the president, dressed in civilian clothes, was standing in front of General Venturini. The angle from which the picture was taken made it appear that the kepi was on the president's head.

Because of that situation, according to his closest advisers, President Figueiredo has exhausted the good will he once felt for the press. Some changes have been made in the daily coverage by reporters accredited to the palace. Reporters are no longer permitted in the presidential household--only photographers are allowed in--so that they will not overhear comments by participants in the audiences. The much-awaited press conference has been practically ruled out, and even on trips, Figueiredo no longer makes himself available for the brief interviews that he used to grant in the midst of his schedule. He does not even greet the reporters: he ignores them.

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## GALVEAS: FISCAL POLICY, CREDIT CONTROL TO BE MAINTAINED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Apr 82 p 7

[Text] Brasilia--The government is not going to adopt any drastic measures this year to step up the fight against inflation and reduce the imbalances in the balance of payments. The fiscal policy and credit control will be maintained, and the idea that the government should intervene in the financial sector to reduce domestic interest rates is completely rejected.

Those statements are from Minister of Finance Ernane Galveas, who feels that "concrete possibilities exist this year for insuring a gradual return to the traditional growth rate, consolidating control over the root causes of the inflationary process, and extending our successes in the balance of payments area, all through a suitable and well-balanced combination of the monetary, fiscal, and exchange policies."

According to Galveas, a basic element of the government's strategy over the next few months will be proper management of the instruments that already exist, with no need to create new mechanisms, within a context of gradual improvement.

## Interest Rates

After emphasizing that by all indications, Brazil will continue to feel the pressure of high international interest rates, the minister of finance pointed out that "we will have to live with high domestic financing costs so as to be able to attract the external funds necessary for financing the balance of payments."

He said that the government's intention is to maintain the policy of free interest rates. In his opinion, the possibility of attracting external funds at a volume compatible with the requirements for financing the balance of payments will continue to determine the level of domestic interest rates, whose reduction in the current economic situation will depend basically on the results of the anti-inflation policy. The government is therefore rejecting any proposal to reduce domestic interest rates by artificial means, which invariably involve new subsidies or other equally undesirable distortions.

According to Ernane Galveas, "historical experience has demonstrated that the greatest successes in fighting inflation have been achieved when all segments of society--wage earners, businessmen, students, and politicians--are committed to the same objective."

## BRAZILIAN DAILIES COMMENT ON FALKLANDS CRISIS

[Editorial Report] PY060704 Rio de Janeiro JORNAL DO BRAZIL in Portuguese on 28 April 1982 on page 2 carries an approximately 600-word commentary under Castello's column in which it points out that Brazil's real concern over the crisis of the Malvinas is not so much its outcome but rather "the incidence which the events will have on the Argentine domestic policy with unavoidable repercussions in Brazil."

The editorial states that whichever the outcome of this crisis over the Malvinas may be, it will lead to the shifting of power in Argentina, but that a possible victory could either force Galtieri to give in to the country's democratization and national reconciliation--always under the military regime--in order to justify the statements of optimism such as that attributed to former Foreign Minister Oscar Camilion who stated that democratization in Argentina could be achieved before it is achieved in Brazil, or, on the contrary, could consolidate the Argentine military commanders' feeling of self-sufficiency and strengthen them to maintain strict control over the country. It then points out that substantial losses in the military operations or an excessive delay for an outcome could lead to the establishment of new formulas of force which would substantially change the Argentine regime. Galtieri could seek means of coexistence or survival through an alliance with the leftist Peronist and communist factions offering them participation in the government which will continue to be essentially dictatorial but with a change of ideology which would go from the extreme right to the left.

The editorial then points out that this change in Argentine domestic policy "would have an immediate effect on Uruguay and, in the short term, would encourage the leftist parties of Brazil and Chile to resume initiatives against the military regimes in the two countries." Brazil's concern is that Argentine events could hinder or upset the Brazilian political opening which is quite advanced.

The editorial ends by stating that with the deterioration of its economy there are no encouraging prospects for a country like Argentina which is a good partner of Brazil, and that this state of insecurity in the South Atlantic will only support the navy and other forces' aspirations to improve and increase their equipment which in the present circumstances will only mean encouraging inflation.



Sao Paulo O ESTADO DE SAO PAULO in Portuguese on 29 April 1982 on page 3 in its "notes and informations" page carries an approximately 800-word commentary entitled "Power and Peace."

The editorial starts by referring to the flop of the recent OAS meeting and states that the fact that the United States abstained from voting "clearly shows that the inter-American system no longer exists in a coherent manner since its creator and defender was defeated by the great majority." It points out that the resolution issued on Monday morning served to hasten the already foreseen death of this system, and that it will only reveal the frailness of the Brazilian position since, fearing that a negative outcome for President Galtieri would precipitate an institutional crisis in Argentina--which would eventually affect Brazil--Itamaraty chose to support the aggression. It adds that this would not protect Brazil from the dictatorship because if it is defeated the resentment will drive Argentina to take historical paths which have already been blazed, and if it wins it will consolidate its hegemony on the continent and will want to make some adjustments to agreements signed during its weaker days with Brazil. It says apprehension led Brazil to adopt a position of true neutrality. In doing so "Brazilian diplomacy lost room for maneuvering and has placed the credibility of Brazilian guarantees to third parties at stake."

The editorial then states that no one will have the power to force Great Britain to comply with the OAS resolution and that at this point it is difficult not to fear the worse and "deplore the OAS for not having found another outcome to the crisis but than to liquidate the associated defense system which could have saved it at a time of a greater crisis which looms over the horizon."

The editorial ends by stating that "democracy creates the conditons for Mrs Thatcher not to view the loss of power as a fatal condemnation of history; but the arbitrary regime in which the Argentine army commander acts as president of the republic, strips General Galtieri of all possibilities to go back in his unreasonable, uncalled for, gesture which subverts diplomacy and threatens in turning the prudent cool-mannered way in which Itamaraty conducted our relations with Argentina and Latin America into an object, although precious, for historical studies."

Sao Paulo O ESTADO DE SAO PAULO on 30 April 1982 on page 3 in its "notes and informations" page carries an approximately 650-word article entitled "the headaches of an undefined foreign policy."

The editorial criticizes the unsteadiness of Brazilian foreign policy and points out that while U.S. Deputy Secretary of Defense Frank Carlucci announced that the resumption of U.S.-Brazilian military relations is almost imminent U.S. Secretary of State Alexander Haig refrained from voting a proposal submitted by Brazil to the OAS seeking a solution to the Anglo-Argentine conflict. "This happens at a time of good relations. The thing would be to find out what would happen if relations were tense."

It then points out that Brazil achieved its military autonomy with the breaking of U.S.-Brazilian military relations during Geisel's times, but that this schism gave the impression that a vacuum of U.S.-Brazilian security relations was being created.

It then states that the military doctrine since 1964 is not only of legitimate defense but also of an associated defense system, therefore, relationships between the two greater powers of the northern and southern hemisphere should be very good, as Frank Carlucci termed them. And if this should be the case from the military point of view, there is no reasons for it not to be likewise from the diplomatic point of view. "However, Itamaraty's foreign policy has clearly third world leanings when it does not reveal with alarming frequency neutralist trends."

It then points out that Brazil, in its commitments with the Western world, to which it also belongs shows the same lack of decision which Figueiredo's domestic policy suffers.

The editorial ends by stating that Brazil, due to its lack of decision, after Haig's failure, lost the opportunity to mediate between Argentina and Great Britain and thus become the artifice of peace in the southern continent.

Sao Paulo FOLHA DE SAO PAULO in Portuguese on 2 May 1982 page 2 carries an approximately 350-word commentary by R. L. entitled "Uncertain Future." The commentary points out that since the war capacity of a country is based on the country's economy, on its productive apparatus, it is obvious that Argentina is not going to win the battle with Great Britain over the Malvinas Islands and that in the long run it will have to accept a diplomatic arrangement to the crisis.

The commentary then points out that even if the disaster of losing the war does not bring substantial changes in the Argentine domestic policy, it is undoubtful that the inter-American system will undergo changes as of this week since the old system has lost its value in regard to the terms in which the United States granted support to England.

The commentary ends by stating that "the flock of sheep--in which Brazil does not include itself--will hardly continue obeying Washington without previously discussing positions. Unconditional solidarity should disappear in view of the Americans' disdain for the OAS resolutions unless, of course, the OAS itself disappears."

Sao Paulo FOLHA DE SAO PAULO in Portuguese on 2 May 1982 page 3 carries an approximately 500-word editorial entitled "For a Cease-Fire." The editorial starts by pointing out that Brazil must rest assured that it did its best since these little that this country and the rest of the Latin American countries could do to avoid the international crisis which started with the bombing of the Malvinas Airport, and that even if hostilities do not continue, it will still take the inter-American and Western political balance some time to recover from the shock.

The editorial then continues to state that by abstaining to vote at the OAS meeting the United States hinted that it would support Great Britain. It says that the United States will be blamed for turning its back to the continent as well as England will be blamed for disproportionate reaction, seemingly inspired by traces of imperialist arrogance, but that at present it is more important to make another international effort for a cease-fire than to blame anyone.

The editorial points out that since the United States has abdicated its role as mediator "everything indicates that Brazil will play an important diplomatic role in this new phase of the crisis. We are deeply interested in reestablishing stability in the South Atlantic. At the same time we are in a position to loudly and clearly assert that such stability cannot be reestablished at the cost of dividing the Western system in two: the West itself, represented by North Atlantic powers and a sort of sub-Western, washed by the South Atlantic."

Rio de Janeiro JORNAL DO BRASIL in Portuguese on 3 May 1982 page 3 carried an approximately 600-word editorial entitled "principles in play." The editorial starts by pointing out that parallel to the military actions a war of counter-information is being carried out in the South Atlantic, and that in Argentina's case it is not really aimed at confusing the enemy but rather at preserving the regime. It then points out that "the offensive orchestrated by Moscow and Havana, where British actions are presented as a new chapter of colonialist history, is of the same nature," but recalls that the United Kingdom granted its independence to all the colonies which desired it.

It goes on to state that since the Falklands did not want its independence, Galtieri cannot assert that his actions were in the "defense of an oppressed population; he acted (and wrongly) only thinking of himself and of the political benefits which he could obtain from this adventure."

The editorial then states that it is quite natural that Brazil should worry about Argentina's future in view of its obvious failure and should grant it aid if this does not mean getting involved in a war which does not belong to it. However, this solidarity must not be tinted by sentimentalism since regional solidarity which closes its eyes to basic principles will do the continent no good and will fatally set the grounds for new misfortunes."

It ends by stating that "one of those principles, the main basis of Brazilian diplomacy, is the peaceful solution to conflicts between countries. To abandon it would mean abandoning our tradition--and the national interests since our borders were established through negotiations. To help Argentina in what is possible does not mean agreeing to an act of aggression or give the impression of consenting to it."

The commentary ends: "In this case the act of aggression was the conquest of the Falklands announced by Buenos Aires. To maintain that the British retaliation turned England from the attacked party into the attacker is a mere sophism. To accept that sophism means accepting the logic of violence and leads the Argentine military officers to believe that they can act unpunished, without consulting anybody--not even their own people."

CSO: 3001/128

## MINES, ENERGY MINISTER DISCUSSES ENERGY PROJECTS

Bogota CROMOS in Spanish 30 Mar 82 pp 12-17

[Interview with Mines and Energy Minister Carlos Rodado Noriega by Eligio Garcia, date and place not given]

[Text] The country's immediate future looks promising. Colombia has large coal, nickel and bauxite mines, enormous deposits of oil and inexhaustible sources of hydroelectric energy. Carlos Rodado Noriega gives us a rundown of our potential in this sphere and shows how the policies he has been pursuing are sound.

The old saying "None is worse shod than the shoemaker's wife," does not apply to Energy and Mines Minister Carlos Rodado Noriega. His English-style home is outfitted with two stoves, one electric and other gas-burning, evidencing the family's foresight in coping with the periodic energy crises that the country suffers through. The crisis is not so bad right now, due, among other things, to the minister's efforts over the past 2 years. He is, without doubt, an energy enthusiast, both in its conventional forms (thermal, hydroelectric and oil) and in the more innovative varieties, such as solar power, to which his ministry has given such a push that there are already homes in Bogota and Medellin with solar heating.

Rodado, who was born 37 years ago in Sabanalarga, is said to be one of the most brilliant technicians in the country. If it were not for the fact that university degrees are no longer enough in Colombia, his diplomas could prove the assertion: a civil engineering degree from the National University, a degree in economics from Los Andes, and a masters and doctorate in economics from Michigan and Chicago. And if it were not for the fact that a career is

no longer enough either, his meteoric rise, especially in the last few years, would prove it too: manager of the Colombian Electrical Energy Institute, president of Colpatría and, successively, head of the comprehensive programming and social development units of the Planning Ministry. The accuracy of the statement was confirmed by this reporter throughout our interview, however. Analytical, well-informed, brilliant, at no point in our 3-hour talk did Rodado Noriega have to refer directly to a written text either to analyze the energy situation or to quote astronomical figures. A quick conversationalist, like a good Atlantic coaster, he responds right away, without hesitating, tackling a topic somewhat exuberantly. He hemmed and hawed only once; he made carefully measured remarks about the situation at the Urra powerplant, which Belisario Betancur has spoken out against, and with good reason, because he is one of the Conservative Party's representatives in the current administration.

Technician or politician, he is in any case the number one promoter of the National Electric Power Finance Company, which was created under a recent law to issue bonds in the capital market for the financing of power generating, transmission and distribution projects.

#### Oil Exploration, a Profitable Business

[Question] Could you give us a quick summary of the "National Energy Study" that was recently submitted to the government?

[Answer] As its name indicates, it is just a study, by no means the administration's current energy policy. It was conducted over a period of 2 years by a team of Colombian and foreign private consultants and it is now being evaluated. It is useful basically because it is a compilation of a great deal of previously scattered information on the energy field. We had a lot of information on gas, coal, uranium, etc, and for the first time it has been brought together and processed so that it can be handled more easily by anyone who has to make decisions in this area. For example, the study can tell what would happen if the price of oil or coal goes up, what would happen to consumption. Of course the study makes recommendations other than about pricing. For example, policy recommendations as to whether ECOPETROL's [Colombian Petroleum Enterprise] funds ought to be used more or whether we should use more outside capital in energy development.

[Question] Specifically with regard to oil exploration, what is the reason for the sizable jump in recent years: a nationalist policy, heavier investment or simply a better petroleum policy?



[Answer] Over the past 2 years, both ECOPETROL's own exploration and its exploration in partnership with foreign capital have increased considerably. This is an indisputable fact. In the case of ECOPETROL, it was because the Board of Directors felt that there was no more profitable business for a country with an oil potential than exploration. This move was a result of the high prices that oil has reached. Drilling is costly, but in cases like ours, it is profitable. You have to drill to find oil. It's the only way. But we've also opened the door wide to foreign investment, through partnership agreements, which has yielded positive results in exploration, inasmuch as they have brought a great deal of foreign capital into the country.

[Question] Based on the positive results of oil exploration, you have asserted that the country will again be exporting oil by 1986. When will we be at least self-sufficient?

[Answer] To be reasonably optimistic, I would say that the country is going to be self-sufficient by the middle of the decade, around 1985. The country currently produces 140,000 barrels a day and we are importing about 50,000, or one-fourth of total consumption. But the important thing to remember is that in 1981 domestic production reversed its decline in the 1970's and was up 7.5 percent from the previous year, and the trend is steadily upward. At the same time, consumption has been moderating. Consumption used to be rising at seven to eight percent a year. Fuel consumption is down 3.5 percent today, and average gasoline consumption is down even more. This is due, of course, to the rise in prices, which is the most effective policy for cutting consumption.

If these two trends continue (rising production at the pace of the past 2 years and declining consumption), the curves should meet at some point. And our estimates are that this will be in 1984 or 1985. We can already see it happening. Next year we won't be importing gasoline.

[Question] You just mentioned a basic policy, gasoline pricing. But the government has another basic policy that costs it dearly: transportation subsidies. Isn't there any chance that this unrealistic situation will be ended?

[Answer] It stands to reason that there should be realistic prices, both for motor vehicle gasoline and for transportation itself. But the problem is that when subsidies have been in place for a long time, they are hard to dismantle. Dismantling them abruptly runs the risk of causing more problems than would be resolved. The government is, in fact, trying to do this, but it is not easy, because it could push transportation costs higher and have serious repercussions throughout the economy and, of course, socially and politically as well. So, in a nutshell, the only way that subsidies can be ended is gradually, which is what recent administrations have been doing.

[Question] What is the cause of the soft oil prices on the world market?

[Answer] The explanation, which is lengthy and complex, warrants summary because the issue is important. We could say that on the one hand there are a few countries that are in a position to control oil prices and output. These are the producing countries, headed by Saudi Arabia. In turn, however, most of the oil is consumed by just a few countries too: the United States, Western Europe and Japan. These countries account for four-fifths of total oil consumption and therefore they have the ability to balance things out, to demand more or less oil and, through their policies, to control consumption. This is what they have been doing lately to stem sharply rising prices. So, while the producing countries were boosting their output because of the higher prices, the big consumers were cutting imports. What happened? The famous glut. This is why OPEC had to meet and admit that it had gone too far by setting prices above \$35 a barrel when they should have been around \$28. They decided not only not to boost output but to cut it and even to reduce prices.

[Question] And does this situation help Colombia?

[Answer] It helps us because we are importing. If prices had increased, we would be paying a bill of more than \$1 billion this year, instead of \$700 million like last year or \$600 million this year. It helps us because the import bill won't be too big. It's already big enough.

#### The Energy Boom

[Question] Moving on to another energy source, you give the impression that now that the Chivor II powerplant and the linkup are on line, Colombia is experiencing a sort of energy boom. Is this true or not?

[Answer] I would have to say this first. In August 1978, at the outset of the Turbay Ayala administration, the country had 3.5 million kilowatts of operating capacity. By the end of this year, the capacity will be up to 5.5 million. This comes to almost 56 percent over 4 years, equivalent to a 12 percent annual rise in operating capacity. Electric power demand has also increased, however, as in every developing country, and at a rate of almost 10 percent a year, in other words, by 500,000 kilowatts, which is the amount put out by Chivor II, which took us 6 or 7 years, not 1 year, to build.

How can these gaps be made up? Through long-term planning in the energy sector. The feasibility studies and future plant design and construction are done well ahead of time. Otherwise, we would never be able to make up for our energy shortfall. For example, to mention just the major hydroelectric projects, we have recently put Chivor on line and we are completing the 600,000-kilowattt San Carlos in Antioquia. We are building Mesitas, a project called "La Guaca-Paraiso,"



which means another 600,000. The ICEL [Colombian Electrical Power Institute] is in charge of the Betania project in Huila. The CVC [Autonomous Regional Corporation of the Cauca Valley] is building "Salvajina." CORELCA [Electric Corporation of the Atlantic Coast] is building Urrea, which is a 1.2 million kilowatt project. The energy department in Bogota is in charge of Guavio, which is also 1.2 million kilowatts. Of course these projects aren't going to go on stream tomorrow, but they will when they are needed in the future. What happens is that at times some of these projects do not start up when they are scheduled to, and that is when problems arise.

[Question] Will the million kilowatts from Chivor I and II mean that Bogota won't be hit anymore by blackouts, as it was 2 years ago?

[Answer] Almost 70 percent of the additional 500,000 kilowatts will be for Bogota. Naturally no one can ever say that electric power self-sufficiency has been secured for an indefinite period. This is a dynamic process that has to be dealt with successfully every day. Chivor and the other plants will help to meet demand until next year. But San Carlos is supposed to be on line in December 1982. This is how we avoid rationing, by anticipating demand.

[Question] So what happened 2 years ago? Was it a lack of foresight or was it just the winter weather?

[Answer] Two years ago, precisely because of delays in our two major projects, Chivor II, which has just gone on stream, and San Carlos, the country was faced with the harsh reality of having an operating capacity smaller than its demand. To run a hydroelectric plant, you need turbines and water, and both of them were in short supply at the same time then.

[Question] And what about the nationwide hookup? Does it also mean that rates will be made uniform, by cutting them on the Atlantic coast and boosting them further in the interior?

[Answer] First of all, I have to make something clear: It is impossible to cut rates. It would make no sense, because costs are not dropping. What the hookup will enable us to do is transmit electric power from the interior to the coast, thus preventing rates from increasing as much in the years to come as they would have if our power generating system were all thermal. And since this is a government policy, leveling the rates will mean that the increase will be higher in the interior than on the coast. This seems unfair to customers in the interior, but it's not. Thanks to the hookup, the interior will be able to utilize thermal energy, thus avoiding the usual brownouts that we have had during the summer.

## The Challenge of the Coal Boom

[Question] The other big boom in the energy field seems to be coal.

[Answer] No, what is actually happening is that Colombia is entering the era of industrialized coal projects, that is to say, the large-scale development of coal with modern technology not only in the mining itself but also in transporting the coal from the mines to port. I am talking about wide-gauge railways, which have been unknown in Colombia up to now; coal ports, like on Portete Bay, which is going to be one of the largest in the world, comparable to Hampton Roads in the United States and Robert Banks in Canada. It is for this reason that I would venture to say that the next 4 years are going to be critical for Colombia, because it will finally begin industrialized mining, which will, in turn, make up a larger share of the gross domestic product, rising from 1 to 10 percent.

[Question] In the specific case of the coal from El Cerrejon, which, it has been said, will usher in a new era in the country's energy and economic history, do you think that Colombia has the transport and administrative capabilities to undertake this big a project?

[Answer] Of course Colombia is capable of meeting this challenge. The infrastructure is going to be built by the Morrison-Knudsen company, and CARBOCOL [Colombian Coal Company, Inc] and the foreign firm Intercor will run and supervise the project. Under these conditions it certainly can be undertaken.

[Question] But there is also the fear that the bonanza that might result could cause the country economic traumas as serious as the coffee bonanza did.

[Answer] The volume of dollars that Colombia will receive from the El Cerrejon coal will be relatively manageable from the standpoint of the impact that they might have on the domestic economy. In fact, any coal bonanza would be welcome, and hopefully there will be several, not just one. This is not the problem. The problem is whether the country is smart and bold enough to use the bonanza to help itself progress and develop. I don't see why a bonanza should, in itself, be a tragedy. It all depends on the policies that the government pursues to make use of it.

[Question] Are you in total agreement with the view that the El Cerrejon contract with Exxon was the best choice for the country?

[Answer] If the deal had been direct, with Colombia and Intercor sitting down to negotiate, to bargain, the argument that we could have done better might be valid. What Exxon offered was the best that we could have done at the time. And Senator Luis Carlos Galan admitted as much, both in the debate and in his book. What we had here was a competitive bidding, tenders. Seventeen firms from around

the world were invited, and only six showed up, and only three of them met the minimum financial and technical conditions. And the one that guaranteed the best conditions was unquestionably Intercor, from Exxon.

[Question] But even so, can't these terms be improved now?

[Answer] No, because this was a competitive bidding and because Exxon offered 15 percent royalties, compared to 8 and 7 percent from the other two. Furthermore, when a competitive bidding contract is awarded, the fundamental clauses have to be honored. To do otherwise would cast doubt on the nation's reliability.

8743

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## MOLINA RESIGNS FROM PEACE COMMISSION

Bogota EL TIEMPO in Spanish 14 Apr 82 Sec A pp 1, 6

[Text of television address by Democratic Front presidential candidate Gerardo Molina, 13 April.]

[Text] Ladies and gentlemen, I am addressing you on behalf of the opposition groups, in other words, all those who desire a just society and a state directed toward the welfare of the large majorities.

About 1950, the mission headed by Father Lebreton said that Colombia was one of the least egalitarian societies in Latin America, and since inequality breeds violence, we can claim today that our country is one of the most violent known to exist at present.

That violence manifests itself in various ways. One is the type carried out by the groups entrenched in privilege against the large group of middle and lower classes. Those groups would rather have drops of their blood shed than make concessions from the standpoint of social equality. Another kind of violence, stemming from the foregoing, is that which has brought rebellious armed groups in confrontation with the state for the past 32 years. Another is that exercised by business owners against workers who demand a better wage and benefits status, as may be observed today in the many strikes called and about to be called. Another results from the state's disregard for and violation of human rights and liberties, in the form of raids, arbitrary arrests, torture and disappearances. Another is the violence used by the great powers against the developing countries, whose labor they hold in contempt and exploit. And there is another type, practiced by the underworld and paramilitary groups, such as the MAS, against the rest of the society. And now, finally, another type is being hatched, resulting from the two party system, which assumed spectacular new dimensions in the last elections. For example, it is to be feared that if a minority group should win on 30 May, that group will undertake to eliminate the difference separating it from the majority parties through the use of violence.

Today, I must speak about the closest and most visible type: the violence carried out by the guerrillas. It does not come into existence spontaneously. It is the most tragic reflection of the first type, the offensive concentration of wealth and income, which dooms over 50 percent of the population to absolute poverty. The UN has just stated, in a special study on these countries, that there are

15 million people in Colombia who go to bed hungry. The guerrilla movement is the manifestation of that situation of hunger. I mean to say that, if there were a total, general amnesty such as I desire, that would not be sufficient. Throughout my campaign, I have stated that, so long as there is hunger in Colombia, there will be no peace. The public authorities must, therefore, show up in the agitated areas, in the form of supplies of land, fertilizer, seed, credit, schools, hospitals and penetration routes; otherwise, the violence will crop out again. That was what happened during the National Front. Some of its governments were concerned about ordering an amnesty, but the fact is that, for reasons of a social nature, the violence occurred again. So, let us see in the guerrillas not groups of vandals, but rather sectors of the population which, through methods which we do not approve and at times through action which we find unacceptable as well, are struggling for social justice and for the correction of many abnormal situations.

Now how can we focus on that major problem? As a member of the Peace Commission, I have had occasion to observe the map of the country with respect to the locations in which the guerrillas are operating; and I have reached the conclusion that Colombia is in a state very similar to that of civil war. We cannot allow this situation to become worse, for that would mean overall destruction. So I propose a policy of peace, which I know to be what is desired by the Colombian sectors of most concern to me: the women, the working classes and the youth. I am convinced at present that the guerrillas are not defeating the Army, nor is the Army defeating the guerrillas. Hence, the solution cannot be the military one. I believe that the only solution is a political one, based on negotiations.

The president of the republic is mistaken when he declares, in an arrogant stance, that he has no understanding with the subversives. But if he has no understanding with the subversives, then with whom does he have an understanding? To claim that the guerrillas will just surrender, or to expect them to be repressed by force, as the Army's hard line claims, is making a dreadful mistake.

The conviction that the government is continuing to make mistakes with this approach and that there are within it groups opposed to an agreed-upon solution is what has prompted me, with deep regret, to consider my membership on the Peace Commission, to which I was brought through a very ennobling decision by its chairman, Dr Lleras Restrepo, and by the head of state himself, to be terminated.

This policy of negotiations which I advocate is not the discovery of a new continent; it has precedents. Remember that, not long ago, after the seizure of the Dominican Embassy by an M-19 column, the Marcos Zambrano Column, the government entered into negotiations with the M-19 group. In view of the seriousness of the incidents, the government agreed, and did well, to reach an understanding with the guerrillas, who were kidnappers as well. We all remember the famous negotiations in the yellow van. At that time, the government recognized in M-19 something like a belligerent group within the norms of international law. The government agreed to reach an understanding with that group, gave it guarantees, and allowed it to receive a ransom, paid by I don't know whom, to put an end to the abduction. The government knew that this was a crime, a kidnapping with a ransom which is an aggravated crime. The government did not subject the kidnappers to Colombian justice, so as to try them; it allowed a foreign plane to land at El Dorado, and gave the kidnappers all the guarantees allowing them to travel.

This is what international law terms "recognition of the state of belligerence," which means acknowledging a special status for the adversary. Therefore, the government did not allow the kidnappers to be subjected to the laws of the country.

I explain that situation by saying: actually, with the seizure of the embassy and the diplomats, M-19 had won the game. So the government realized that the only recourse left to it was that of negotiations. The question asked by the ordinary citizen is this: If there were negotiations then, why isn't the same thing being done now? I have claimed that, in my opinion, the guerrillas will not surrender if the military course of action is continued. The most representative guerrilla groups, M-19 and FARC [Revolutionary Armed Forces of Colombia], have now said that they are willing for negotiation. So what is the government waiting for?

In assuming this position, I think that, of the four presidential candidates, I am the only one who has definitely opted for negotiations, for the total exclusion of the use of force. Of course, the other candidates also talk about peace. The difference lies in the fact that they leave the need to make use of violent repression as a last resort. For example, Dr Lopez Michelsen has spoken of the importance of the talks, and even went so far as to accept the state of belligerency in favor of the guerrillas. But he backed down when Drs Pastrana Borrero and Gomez Hurtado rebuked him strongly. So, Dr Lopez has ended up saying, after having talked about negotiations, that "we shall respond to force with force," and has even promised the Armed Forces that he would increase the government funds for better equipment.

The solution which I propose, one that entails hastening things in order to be able to lift the martial law and hence achieve the repeal of the Security Statute, is the real legal solution. The others, conversely, are seeking, in the last analysis, a military solution, which is not the solution based upon law. Everywhere today, the left is raising the banner of the law. That is what Mitterrand is doing in France; that is what I am doing within my radius of action, relying on the law, to request negotiations between opposing armies, in order to achieve an armistice.

And with this I reach the central point of the left's position toward the Army. I think that it was a success for our political civilization to have said, in the Constitution of 1886, that the nation will have a permanent Army for its defense; a permanent Army. Before that date, there were only partial groups of rebel soldiers, and partial, temporary armies. Today, the situation is different. We should recall how Article 166 of the Constitution begins: The nation will have a permanent Army for its defense.

Let us meditate a little on this statement. The article says that the nation will have a permanent Army for its defense. But what is the nation? It is the entire population, settled in a territory, with its institutions, its customs and its aspirations. So it is the nation, and not a group or a caste, which has an Army for its defense; in other words, to insure its sovereignty against a foreign attack. Hence, the Army cannot be allowed to become a tool of persecution by one internal group against another.



My friend and colleague in the leadership of the Firmes movement, Luis Carlos Perez, expressed this view in a masterful fashion for the first time among the country's jurists, in his summation before the verbal court-martial at La Picota and in the defense of some of the political prisoners. His argument was that the Army's function is a national function and a defense function. If a foreign army attacks Colombian sovereignty, the Army must act. But it would be by no means justified for our military organization to advance on another country with an offensive function. The doctrine of national security imposed on Latin America by the United States in 1961 made a fundamental change in the role of the Armed Forces, converting them into an institution designed to maintain internal security. In other words, according to this doctrine, the enemy is no longer outside, but is, rather, inside; it is the people, or part of them, when they take up arms to obtain certain demands.

So the Army is now in a battle against internal subversion; but in this way the Army has changed its role. It is no longer to defend the nation, but rather to punish an internal group.

Those of us who have a lofty concept of the Army as an institution which defends the national sovereignty disapprove of its killing Colombian farmers, even if they are bearing arms, or raiding universities and punishing university students. We members of the left, who were respectful of the Army in its original nature, disapprove of its becoming dissociated from the nation and dividing Colombians into good and bad. It is common to find a certain Armed Forces literature which, in reference to a certain sector of Colombians, mentions "persons without a country."

Thus, one of the tasks of the present time consists of seeking reconciliation between the nation and the Army.

My teacher of socialism, the great French leader Jean Jaures, in one of his best works, made this wonderful comment: "So long as there is an Army, it will be a crime against the spirit of France and against the Army itself to keep it separated from the nation." Based upon these thoughts, we ask that the Army return to its barracks, that it withdraw from the farming areas, that it stop putting down strikes and university conflicts, that it cease performing the degrading task, which could corrupt it, of pursuing drug traffickers; that it not continue administering justice to civilians, and that it not engage in founding and running universities, because there is the civilian authority for that purpose.

I am sure that many sectors of the Army want this. It must not be a pleasant thing for its heroic soldiers to be killing farmers, their class comrades, or to be waiting to be killed by them. And its more advanced officers, who know that the Army is part of Colombian society, realize that the tasks being assigned to the military institution at present cannot possibly be those which they have in mind.

And a personal recollection is fitting here. A few years ago, I was called upon to give lectures on social and political topics at the War College. Those lectures were given to the officers who were in line for the rank of general.



On that occasion I could observe their marked interest in national problems, especially those of a social nature. They were thoughtful, studious and serious officers, who were quite far removed from the cowboy generals who existed until recently. They were anticommunist to the hilt, perhaps as a result of the North American preaching about national security, but they approved and accepted the solutions germane to democratic socialism. It is easy to get along with that type of officer, but not with those who, when commenting on the guerrillas, talk only about extermination.

Ladies and gentlemen, I must conclude. My colleagues and I are defenders of the rural and urban working classes, the middle classes, the sectors beset by violence, the youth and the women. Therefore, I express my solidarity with all those who are persecuted, with the political prisoners whose most fundamental rights have recently been violated, such as the right to have books, transistor radios and drugs, and to be able to communicate with their lawyers. I express my solidarity with the striking workers, with the victims of unemployment and inflation, and with the families which have suffered violence personally, as has just happened to the family of which the attorney Cipagauta Galvis was the head. I know that I am voicing the sentiments of all of them when I speak on behalf of peace and negotiation with the armed rebels, when I ask that the government dissolve paramilitary groups such as the MAS, and when I demand that there be an establishment of the principles of respect for life and personal security without which civilized life is inconceivable.

To attain those goals, we advocate an alliance with all the nonconforming sectors, with the people without a party, with progressive Liberals, with democratic Conservatives, who also exist, with true Christians, with communists, with all those who want a better Colombia.

Paul VI summarized his famous encyclical "Populorum progressio" ("The Development of Peoples") in this splendid comment: Development is the true name of peace. To paraphrase the pontiff, I might say that the Colombian left is the new name of law and peace.

2909

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## POLITICAL OBSERVERS ANALYZE ELECTORAL SCENE

Bogota CROMOS in Spanish 23 Mar 82 pp 10-17

[Text] After learning the results of the 14 March elections, the country began asking all sorts of questions about the immediate political process in a detailed analysis of the situation created by a ballot count that offered no major surprises. In order to draw some initial conclusions about what those elections meant and what the ones on 30 May could bring, we invited the country's leading political observers, Fernando Cepeda, Hisnardo Ardila, Mario Latorre Rueda and Ernesto Rojas Morales, to discuss a series of issues (the proliferation of lists, the electoral disaster suffered by women, the vote in Bogota, in the cities and in the provinces, abstention, independents, electoral boredom, the increase in the vote from March to May), issues that we ultimately boiled down to these two: 1. The national political profile based on the results of the recent elections, and 2. How will the presidential candidates do. They based their comments on the data in Bulletins 11 and 12 of the National Registry of Civil Status, which were issued at 2350 hours on 16 March and 0040 hours on 17 March. There were only a few differences of opinion at the round table. Our readers will surely figure out what they were about when they see the incisive, impromptu comments by the participants in our debate.

Even though it was not a factor in the debate, we should note that Ernesto Rojas Morales is a member of the New Liberalism, Hisnardo Ardila belongs to the Conservative Party, and Mario Latorre and Fernando Cepeda are among the ranks of the ruling Liberal Party.

## Young People Looking for Direction

Hisnardo Ardila: What happened on 14 March is similar to what took place in February 1978, when the Liberal majority was 630,000 out of a total of 4,180,000 votes,, which is 15 percent. In 1982, according to the partial returns that we have in, the majority is the same exact 15 percent. In 1978 the Conservatives won in three departments (Boyaca, Caldas and North Santander). This year they won in the same places and in Narino, while coming dangerously close to the Liberals in Valle and cutting into their winning margin in Cundinamarca. This would be the first feature in our political profile.

The second has to do with the returns in the country's four largest cities. The Conservatives got 33 percent of the vote in Bogota. This represents a significant comeback. The vote in Cali was similar. In Medellin and Barranquilla, the Liberal-Conservative ratio remained the same. If we look at the results in the country's 50 cities, we come to a major conclusion: the Liberal Party is losing its big majority in urban areas.

The third point in my analysis has to do with the freedom to vote and to run for office. Respect is being lost for sacrosanct hierarchies. This is the Galan phenomenon. I get the impression that the 600,000 votes for Galan came from young people looking for direction. This is the same thing that is happening with the Conservative Party, only that this party's unity was able to provide an umbrella against this political downpour. And it stands to reason: 46 percent of the nation's voters are between 18 and 30 years of age.

The Conservatives in Antioquia tried an interesting experiment too, I think. The party split up the lists there, running five for the Senate and five for the House and imposing a new kind of political discipline. This indicates that a thinking voter has appeared, a voter who cannot be manipulated like a sheep.

In short, I see a Conservative comeback; I see a better stand by voters vis-a-vis bossism, which has been limited to the coast. I get the impression that we have seen the emergence of people who think about politics, who no longer believe that the Conservatives are a danger to the country, who do not care whether the Liberal Party falls or not and who in the urban areas feel that the most important thing is which party can govern best, not which party gets in.

#### Towards a One-Name List

Fernando Cepeda: This election confirmed the Colombian political system's two-party structure, with the exception of Galan, who represents the emergence of a new party. This would be an interesting development. We are witnessing an attempt to create a new party, which poses a threat to the Liberals and to the two-party system, a break with and a change in Colombia's traditional political structure. This explains why Galan does not respect the yardstick of majority votes, insists on pursuing his candidacy to the very end and challenges the election returns.

It seems obvious to me, furthermore, that this election confirmed the Liberal Party as the number one party. It is this status that New Liberalism is attempting to challenge by creating the conditions for the parties to alternate in power by taking away a strategic number of votes from the predominant one.

The third point is that the Left is not an electoral power in Colombia, which does not mean that it is not a power in Colombia. I think that

it's a big mistake to think that just because the Left doesn't get any votes, it doesn't have any power, just as it would be a mistake to argue that because the traditional parties get votes, they have power. As I have said several times, in Colombia political power is not the same as social power, and social power is not expressed politically.

I think that Dr Ardila's opinion about a Conservative comeback in the cities is correct. But the Conservatives are making a mistake by always trying to "deconservativize" their image. It is a mistake to propose for the second or third time a coalition strategy that cannot work.

Another important point, which ought to be included in a new election law, is the one-name list. Dr Ardila explained this when he talked about the splitting up of the lists in Antioquia. This is a trend throughout the country. When people know for whom they are voting, the picture changes a great deal. We will get leaders who are politically responsive to their constituencies; we will have control mechanisms, and we will prevent situations that annoy our citizens, who do not feel involved.

Also noteworthy is how people divided up their votes, both in urban and rural areas. In Tolima, for example, people were consistent at the polls: They voted for Santofimio for the Senate and Jaramillo for the House. As Dr Ardila pointed out, this indicates that voters think more today.

There was an interesting electoral development on the coast. The coast is liberal. I think that this has to do with the expectations of economic development on the part of coastal residents. They have a desire for power, influence and feel that the coast carries weight and counts for something in Colombia. At times it's hard to identify reflections of an economic and social situation in voting trends, and this is why it is important to underscore these developments.

#### An Extremely Conservative Country

Mario Latorre Rueda: Dr Ardila said that these elections are similar to the ones in 1978. No, Dr Ardila, these elections are identical to every election we have had since 1810. Colombia is an extremely conservative country. I agree with Dr Cepeda: This country was born with two parties, still has two parties and will probably die with two parties.

The second result was the crushing of the Left. And I say this with sadness. Since this was a face-off between the traditional parties, the Left was crushed, just like when the Conservatives and Liberals faced off in 1946.

But there were new developments too. There are droves of voters in Colombia without traditional ties, and this election was not the

only example of it. What happened in Bogota was nothing new. The people who voted for Galan voted previously for Rojas and later for Lopez. This worries me. There is a group of people in Colombia whose political behavior is unpredictable. A large number of voters show up and then disappear. There is no real political change. These individuals could easily back fascism.

In addition, what Dr Ardila called a "revolt against the Liberal dynasties" is a conception of the Liberal Party that took shape in Dr Lleras's statutes. Back in 1963 Dr Lleras wanted to form a modern, structured party with the kind of unity that would enable dissenters to remain within its ranks. What these elections shattered was this "attempt" to modernize the Liberal Party.

I get the impression from what Dr Ardila said that the Conservatives are grabbing at the only life preserver they have left: "The thinking voter has emerged." They need to have the Liberal discipline break down so that they can grab some of those votes. But the Conservative Party can attract people in the modern era without having to create that kind of image. The day that we have a country in which every voter thinks, we will lapse into anarchy. Thinking voters are like tides, but tides that do not move in the same direction. Otherwise, a new political party would have been formed. I am in agreement on this: Colombia has traditionally been an unusual country. Colombians are enormously fond of voting, provided that the elections do not decide anything. Dictators have been very foolish in prohibiting Colombians from voting. Our elections are ritual in nature. We are fond of them, but the day after we ignore what we decided at them.

What ought to come out of these elections is a study not with major proposals on our electoral system but with a series of corrections for its shortcomings. We are using a 19th century machine to travel in the jet age. Now there is a chance for change. The traditional Liberal proposals have been exhausted, and the Liberal Party has no choice other than to inject a truly socialist element into its splendid tradition.

#### The Parties Do Not Exist

Ernesto Rojas Morales: I would like to begin by agreeing with Fernando Cepeda, with whom it is hard to agree. He said first that we have seen people dividing up their vote. The one-name list shows that there are no parties. What parties are we talking about? Are there or are there not parties in Colombia? Or, are there factions, traditions and an electoral system that force us to come together to elect a president? The electoral law forces parties to unite if they want to retain power in the ordinary way. So then, the parties themselves are just coincidental. The only unifying element is the election machinery, to perform the ritual of electing a president.

If the parties don't exist, then why the fear that one is being set up or that a group is forming that wants to be consistent in its ideological stands, in its political conduct, a group that is different from the mix that Mario Latorre has put together by placing populism in the same bag with the desire for change that Galan represents at the moment? Galan's proposals are not populist. In contrast, Dr Belisario Betancur (I'm not saying the Conservative Party) has utilized this factor in making simple promises that touch on elementary needs without any explanation of how they are going to be kept. These easy promises are not part of an ideology and do not involve any issues; they are populist and bring in a few votes that Hisnardo Ardila has termed the conservative trend in the cities.

Furthermore, I do not think that Bogota should be lumped together with Medellin, Cali and Barranquilla. Bogota has a population of five million. Medellin, the next largest city, has nowhere near that number. It is different socially and culturally. Those five million inhabitants crowded together in a city behave differently from the other small population groups around the country. This is obvious when a clear-cut alternative is available. Belisario is offering a simplistic option. Galan, in contrast, is proposing a change of political attitudes. Some people have chosen this option. I have been told that these are the Lleras people, which we cannot deduce from the polls. New people have emerged and joined a group that is becoming a new alternative. Fernando Cepeda has stressed his point of the majorities and the minorities, saying that the latter ought to be join with the former. Galan is being threatened with this business that he has to resolve the party's problem, that he ought to withdraw because the Liberal Party is in danger of falling. Galan didn't create the problem. Lopez did when he interrupted the process. The person who caused the problem ought to resolve it.

#### The Country Is Not for Reelection

Hisnardo Ardila: Given the issues that have been proposed, let's take a look now at the prospects of the various candidates. This is the way I see things: The Liberal Party has earned the right to govern the country and has been in power for two presidential terms. We have to know whether the voters approve of these two terms. We can then ascertain who the ideal candidate for the people is. The congressional vote is not a mirror image of the presidential vote, and you know that better than I do. Let's ask ourselves then: Is the country happy with what it has, with the way it is being run, with the way the economy is doing, with the government's ethics? I have heard a no from Bogota's poorer neighborhoods. Dr Galan, who is a Liberal, says so too. The Liberal Party has been in power for 8 years. There is a candidate running who represents the reelection of the Liberal Party. He gives the impression that the country does not want a reelection within a context in which nothing has changed. I don't think that the country is looking for a Liberal or a Conservative candidate. It is looking



for a candidate who can change the situation, who can do something about the issues that polls have shown people are most worried about: the cost of living, jobs, housing and security. The people are looking for someone to make these changes. In the final accounting, we are dealing with a marketplace of votes, and within this marketplace, the Liberal Party doesn't care one whit about whether it joins the Socialist International or not.

If Belisario Betancur is capable of putting forth a nationalistic policy, he'll come close to getting the 3.2 million votes that he needs to be elected. I say 3.2 million because according to the vote curve, the turnout in June 1982 will be about 6.6 million. We can assume that the opposition will get between 200,000 and 300,000 votes. That leaves 6.4 million. Whoever gets 3.3 million gets elected. If the Conservatives already have an easy 2 million, that leaves a million, which is more than half of the difference between the congressional vote of 5 million and the 6.6 million. It won't be hard to make up this gap. Now then, it is not absolutely certain that the 2.3 million voters that the bosses got out for Dr Lopez are going to go to the polls again. Galan himself has said as much. I don't think they are going to vote. So then, it has never been easier to seek out a candidate who is not from the traditional party framework and who is putting forth nationalist views, like Dr Betancur. Something like metal fatigue has happened in politics today. Our democracy is fatigued. I get the impression that the fatigue has arrived and that if the traditional framework is not shattered and real change brought about, not just membership in an international, we could turn into a Central American country.

#### A Phenomenon Called New Liberalism

Fernando Cepeda: The 1978 election showed that a Liberal candidate who was defeated in the congressional elections by a Conservative was capable of shifting from a minority to a majority situation and winning the presidency. Dr Lopez's position is much more favorable than Dr Turbay's in 1978. Not only did he defeat all candidates, but the phenomenon of Liberal dissent, which was strong in Bogota, did not have nationwide repercussions, as the Lleras faction did 4 years ago.

I don't think that we can anticipate what will happen in May without understanding what New Liberalism is. It seems to me that above all it is an antipolitical movement. It is pursuing what political science calls "politics with antipolitics." When one talks with the Galan people, which I do daily, one encounters a fierce rejection of politics, of what politics means, of the way that politics is pursued. This worries me. It is successful and gets votes but has dangerous features.

Another characteristic of this approach is the belief that the vote in Bogota is higher class, of higher birth, more intelligent and more important than the vote in the rest of the country. EL TIEMPO completely refuted that notion. Moreover, the New Liberalism totally rejects negotiations in politics and views politics as scheming, trickery,



a snare, vagrancy. This is why I do not think that they are going to withdraw Galan's name, and in a way the candidate is doing the right thing, not as far as national politics or the future of Liberalism is concerned, but as far as his own future is concerned. The people who support him would consider his possible withdrawal a grave betrayal. For example, the Galan faction criticizes Virgilio Barco because they see him as a man who gave in, who did not stand and fight.

For this reason, among others, Galan is not letting himself be swayed by the polls. He asserts: "I have an Invamer poll that says the opposite." Polls are less political than the outcome of an election, in my way of looking at it, but that doesn't interest him.

Finally, another feature of New Liberalism is that the people behind Galan do not share his ideas. They disagree with him. Galan has come out against the security statute, while most of his people have a private watchman or policeman on their block. They don't share his attitude towards foreign investment either. But this is not part of the whole picture. What they admire about Galan is that he stands up to the politicians, whom he defines as corrupt, mediocre and inefficient. There is a lot of generalization. He makes no exceptions, which is very unfair.

So, it's clear to me that Galan is going to pursue his campaign for the upcoming election. Dr Lopez will receive the exultant confirmation of the elected Liberal legislators, and Dr Betancur and Dr Molina will continue on there. That's the scenario.

Nicolas Suescun: Do you think that Galan will get more or fewer votes?

Fernando Cepeda: I think he'll get fewer because the regional vote for Galan was linked to certain lawmakers who had been elected previously and because in Bogota the Galan movement has four components or, if you wish, four legs: the anti-Lopez faction, the anti-Turbay faction, the Lleras faction and the Galan faction. How important each is, I don't know. The anti-Lopez people would in any case rather vote for Betancur to beat Lopez. The anti-Turbay people, whose feelings are less strong, less gut-level, will probably abstain. Some of them and some of the Lleras people, who are Liberals, will vote for Lopez for fear of losing power to the Conservatives. The hardline Lleras faction and the Galan faction, which I recognize does exist, will uphold the Galan banners.

#### Our Governments Have Been Coalitions

Mario Latorre Rueda: I would make two observations. The first is that since Dr Cepeda has said so many refreshing things, I will yield half of my allotted time to him. The second is that I usually don't praise people but this time I'm going to switch tactics. Are you familiar with Zapatoca? Nothing is produced in Zapatoca. That's why the people in Zapatoca have had to export and earn their living with one single

thing: intelligence. Hisnardo Ardila is typical example of Zapatoca intelligence. And do you know what intelligence basically consists of? Making sophisms. He began his comments with one of the biggest sophisms that I have ever heard and continued calmly on. Just look at what he wants to portray to us as an absolute truth: The Liberal Party has been in power for two presidential terms, and in a democracy it is logical and fair to have a new ruling party. What a perfect argument. The only thing that he's forgetting is that the Conservatives put a clause in Article 120 that forces the Liberals to govern along with them. We have had 30 years of coalition governments, in spite of which the Conservatives have come out and blamed everything on the Liberals. Our country would be retarded if it accepted this notion.

But there is something even more peculiar. The Conservatives are proposing as an innovative formula something that we are already tired of. We are tired of the National Front, of national governments. What we want are clear-cut governments and clear-cut oppositions. Otherwise, the metals undergo fatigue, the democracy tires out.

Another point is the problem of the voters. We are told that we have to give this a lot of thought, because when parties split, they fall. I am assuming that Galan will not withdraw but also that the turnout will be around 5.5 million. The Conservatives have two million; the Liberals have two, and Galan won't drop out. And then what? What's the outlook for the next election? I'm going to make Hisnardo Ardila happy. The outcome is an absolute, complete and total mystery. This is a hallmark of Colombia, and it differentiates it from many other countries in Latin America where the election outcome is a foregone conclusion. In Colombia we do not know who the next president is going to be.

Hisnardo Ardila: Do you really, sincerely think that Dr Alban Holguin has been pursuing conservative policies in Colombian education, that Dr Maristella Sanin has been pursuing conservative labor policies? You are familiar with Dr Turnay's incredible manipulative powers. Good God! The Liberal Party is, of course, doing what some husbands do: They takes their wives to parties to show them off but they dance with other women.

Mario Latorre Rueda: I'm very pleased that after 4 years they've promoted Dr Turbay from politician to statesman. No Colombian statesman has dealt with as many problems. And let me tell you, Dr Ardila, your party must be in very bad shape now that its ministers have become simpletons. I have great respect for them. I don't think that the Conservatives have allowed themselves to be manipulated like puppets by Dr Turbay. No. It's more serious than that. You have made the Liberal Party more conservative, and now we have to undo that.

## The Liberal Party Has Already Fallen

Ernesto Rojas Morales: There has been a bit of forecasting going on here, and I would like to touch on the issue of the polls, because Fernando Cepeda said that Galan believes more in them than in the political realities expressed in ballots. Polls are gauges of political trends; some are accurate, others less so. When we have a presidential election ahead of us, it's natural to refer to them, and I'm talking not only about Invamer's polls but also the ones that CROMOS has put out, which have been more accurate, among other things. The procedures have become so refined that today we can even roughly forecast the outcome of legislative elections. We have to keep them in mind if we want to argue from a scientific basis, not out of emotion or party loyalty. The polls that Dr Galan was talking about posed two hypothetical situations: If Dr Lopez and Dr Betancur face off and the New Liberalism alternative is not around, Dr Betancur wins; but if the contest is between Dr Betancur and Dr Galan, Dr Galan wins. That's what he was talking about. If we are talking about Liberal views, Galan is the one who would guarantee the continuity of the party's nominal presence in the government.

In short, what would help boost the Liberal Party's chances the most: Galan's or Lopez's withdrawal? We all know that if Lopez drops out, Galan would get the Liberal votes of the local bosses whose mission is to channel people's concerns and aspirations and to offer a political course, to turn votes into a political option. Would these regional bosses oppose Galan? We don't know. Where would these gentlemen turn who have loyalties in their respective regions to their constituencies and vice versa and supposedly to the Liberal party as well? If as Dr Lopez has implied in his letter, he were to include his withdrawal as one of the possible moves to be discussed, wouldn't the Liberal Party find it much easier to achieve victory? The political bigwigs can get out the votes, votes that have to do with doing and returning favors, which has derogatorily been called patronage. This is not a derogatory term, however; it's just a way of practicing politics.

It's something to think about for those who feel that the Liberal Party ought to continue in power. The other question is: Is the Liberal party in power? Mario Latorre has given his answer. We are living in a situation in which the Liberal party does not exist as an alternative, and not only by virtue of the provisions of the constitution. When Dr Lopez defeated his opponent, he governed along with him and adopted certain views that were not the ones that won at the polls. So, the Liberal Party has been out of power; it has already fallen from power. There is no danger of its falling because it has already fallen.

8743

CSO: 3010/1344

## BOGOTA ELN GUERRILLA NETWORK CAPTURED

Bogota EL TIEMPO in Spanish 10 Mar 82 p 7-A

[Text] The first and second in command of the urban network in Bogota were among the 11 ELN guerrillas, captured by the intelligence service of the Military Institute Brigades (BIM) which held them responsible for the abduction of the minor Gretty Hernandez Fernandez and for the theft of 700 weapons from court of Paloquemao, among other crimes.

General Hernando Diaz Sammiguel, the Military Institutes Brigade commander, said the abduction of the young girl, Gretty Hernandez, was cleared up completely and the majority of those who took part in it are being held.

He identified the leaders of the Army of National Liberation (ELN) in Bogota who were captured, including Carlos Alberto Ocampo Correa, alias "Ovidio" or "Luis Eduardo," and Alejo Vargas Velasquez, alias "Armando" or "Joaquin," the latter a former student in the Day School of Colombia and a native of Bucaramanga.

The commanding officer of the BIM said that besides taking part in Gretty Hernandez' abduction, the two guerrillas are implicated in the theft of 700 weapons belonging to the courts of Paloquemao, attempts to dynamite the conservative seat of La Soledad district, the district council, police substations in Chapinero and Fatima, and the offices of the "Tradition and Property" movement.

Also being held were Gustavo Adolfo Penaranda Diaz, alias "Luis," former employee of the National Superintendency of Cooperatives; Miguel Angel Palomino Cervantes, ELN ideologist in Bogota; Jorge Alerth Torres Osorio, former employee of the Caja Agraria; Luis Alfonso Ferreira Diaz, former employee at the Colombo-American Bank in whose home 728,000 pesos, his share of Gretty Hernandez' ransom, were recovered; Luis Alejandro Ortiz Morales, Gloria Salas Correa, a high school student at the Colon Institute; Jaqueline Palomino Cervantes, a lawyer; Cosme Idelfonso Contreras Paez, alias "The Kid"; and Carlos Roa Fuentes, a former employee at Civil Aeronautics.

The 11 detainees are being held under military penal preliminary investigation by orders from jury panel 47.



Jaqueline Palomino  
Cervantes



Gloria Salas  
Correa



Luis Alejandro  
Ortiz Morales



Luis Alfonso  
Ferreira Díaz



Jorge Arieth  
Torres Osorio



Gustavo Adolfo  
Peñaranda Díaz



Miguel Angel  
Palomino Cervantes



Uriel Ramírez  
Amaya



Cosme Idelfonso  
Contreras Pérez



Carlos Eduardo  
Roa Cifuentes



Alejo Vargas  
Velásquez



Carlos Alberto  
Ocampo Correa

Gretty Hernandez was abducted on 11 November last year by guerrillas who passed themselves off as DAS agents at her home on Carrera 28, number 52-06A, in the Sears district.

The young girl was taken by her abductors in her pajamas who fled with her in a car belonging to the Hernandez Fernandez family.

Gretty's father, Antonio Jose Hernandez, a shipowner from Guajira paid 20 million for her freedom 2 weeks ago in Bogota.

During the operation, according to Gen Diaz Sammiguel, in order to throw light on the abduction, 2,278,000 pesos and more than \$4,000 which are part of the money paid, were recovered from possession of several subversives.

It was also determined that Miguel Palomino Cervantes was the one who master-minded Gretty Hernandez' abduction and who was one of the most wanted ELN leaders in the nation.

Units from the Military Institutes Brigade also captured Uriel Ramirez Amaya, alias "Perica" or "El Tuerto," leader of Front IV of the Revolutionary Armed Forces of Colombia and who took part in the ambush of an army patrol in Corinto in the Yacopi (Cundinamarca) jurisdiction in January 1979.

During the bloody assault six soldiers were killed and incinerated, three others were wounded, as was a noncommissioned officer assigned to the Cavalry School.

In developing investigations for breaking up the ELN urban network in Bogota and shedding light on Gretty Hernandez' abduction, a novel plan for "cleansing" money which came from ransom payments was discovered.

In Gretty's case, for instance, guerrilla Jorge Alerth Torres Osorio became a cashier in a branch of the Caja Agraria in the Santa Isabel district.

Torres received the ransom money and by a clever maneuver as cashier he "cleansed" the numbered bills and thus eluded being discovered by the authorities, besides having a surplus of more than a million and a half pesos.

9908  
CSO: 3010/1277



## GALAN CALLS FOR 'ELECTORAL REVOLUTION'

Bogota EL TIEMPO in Spanish 13 Apr 82 Sec A pp 1, 6

[Text of televised speech by "New Liberalism" presidential candidate Luis Carlos Galan, 12 April]

[Text] During the coming weeks I shall be with you in your homes on four occasions, to submit my views on Colombia's most important problems and the solutions that I recommend to the nation for handling the various challenges and difficulties which are currently determining our people's destiny.

Colombia is in one of the most serious crises, a crisis of historic significance which is evident in all areas of our people's lives. It is a crisis which is reflected, for example, in the international realm, because the Colombian people have lost influence in Latin America as a whole; they are having difficulty in upholding their role as a major leader in American life, particularly in Central America and the Caribbean. In that area, which is so close to us, we are threatened by very serious problems which could have a definitive effect on the fate of the republic and in the handling of the most important factors of national life. The crisis has also appeared in all the economic sectors. It is evident in the setback in industry, the stagnation of agriculture, the standstill in construction; it is observed in the very funds of the Colombian state, wherein there is a large deficit on which the country has not received objective information; because it has been hidden by the present government with loans abroad which have made it possible to conceal the impact of those problems.

It is also a social crisis, which is noted in the decline in the income of Colombians. It is evident in the spread of poverty in both the urban and rural areas, in the impoverishment of the middle and popular classes and in the reduction in opportunities for advancement for the country's popular sectors. It is a social crisis also caused by the changes in the collective leadership: The leaders in Colombia at present do not emerge so much because of their ability to interpret the nation's problems, but rather as a result of artificial factors, either because they have made money overnight in ways that are not always clear, or because the administrative instruments are manipulated to obtain political and electoral power wrongfully. All this has had an effect on the general position of Colombians. It has affected the confidence that our people should have in their government, the role of their leaders and the behavior of their leaders. In essence, it might be said that we are experiencing a major moral crisis.

And when a moral crisis affects a people, it is reflected particularly at the time when private interests, personal interests, tend to prevail over public interests, collective interests.

In the midst of this complex panorama of problems, the political parties have proven to be incapable of resolving that crisis. They appear to fall short of their obligations and responsibilities. The national crisis is threatening the democracy and liberty of Colombians, as has been proven by the events of recent years. If all of us Colombians cannot find a way of getting out of this emergency besetting the country, we run the risk of losing within a very short time what several generations have built by way of democratic institutions and both individual and civil guarantees. We are not far removed from the rule of an autocratic government or an anarchistic venture.

The most serious aspect is the obvious inability of the parties to recognize that crisis, to understand it and hence to deal with it. Into what have our parties been converted? For they are no longer the great instruments for expressing the people's desires, nor are they the ideological (and often idealistic) forces which used to operate with superior, far-reaching inspiration, as was the case at other times. No, the parties have become mere bureaucratic, electoral machines which reduce everything to gaining portions of public administration so as thereby to succeed in interfering in and determining the opinion of the voters. The same thing has happened to other political parties in the world, and for that reason they disappeared. We in Latin America have lessons from parties similar to our own, both in their ideology and their concepts and historic role, which proved incapable of resisting the temptation to confine their positions and interests to the process of bureaucratization. And therefore, when those societies progressed, they found that their parties lagged and were unable to defend their fundamental liberties and rights. Something similar is threatening the Colombian people, and as a result the administration is becoming increasingly inefficient and less equipped to solve the country's problems and to defend the people's genuine interests. On the national, departmental and municipal levels, the administration has become the goal of political maneuverers and cliques that only monopolize the instruments of that administration. They have reduced everything to fighting for this or that secondary job, because they think that their political action consists of obtaining the electoral strength necessary for survival every 2 or 4 years, thanks to the patronage system.

It is not the administration alone that suffers the harm caused by this type of conduct. The comptrollership, or comptrollerships (from the national one to the departmental ones, and in the instances wherein there are municipal comptrollerships) have also been affected by that same mentality and that same political criterion. Essentially, the crisis of the parties lies specifically in the fact that they have not succeeded in interpreting the nation. Those who are constantly becoming more cut off from the two traditional groups cannot serve as a channel for the opinions of Colombians. Increasing sectors of the population in our leading cities (and not only there, but also in intermediate towns and even in rural areas) are viewing the two parties with skepticism, and do not recognize in them what they were or what they represented in the nation's leadership.

For several years those two groups shared the government power (for reasons which are understandable and even clearly justified between 1958 and 1974). But from

1974 onward they continued to share it until they were virtually converted into a single party which has kept two names but which actually has almost the same ideological features, mentality, criteria, procedures and interests. Every once in awhile, in connection with the electoral anticipation, these parties put on for the country the farce of an alleged rivalry, as we have observed in recent years. The country has by now noticed this, and hence it doubts the ability of these groups to create different options for our people. Underlying all this there is a new type of oppression of the people, which is more subtle and at times more difficult to detect and understand, and more machiavellian perhaps, but as frustrating, unjust and arbitrary in its effects on the society as a dictatorship could be.

The crisis of the parties concerns us Liberals particularly. It concerns us because our party for many years represented the creative force that was operating in Colombian society. It was in the Liberal Party that the country's conceptual vanguard was situated, as were the sectors which were making an effort to interpret Colombia's future and to pave the way for the future. Nevertheless, the Liberal Party, through the fault of those who took over its leadership in recent years, became a reactionary party, a party which fears social change. It became virtually another version of the Conservative Party, a party which does not actually support social reforms, nor recognize the increasing inequalities that exist among the various sectors of our people, and the urgent need to take the side of the weakest and those most in need of the political backing of a progressive party.

About 8 years ago, in 1974, the Liberal Party produced the largest vote known in Colombia's history. It produced this because it thought that, with the end of the National Front, there could be a return of a spirit of renewal and creativity in the country's leadership similar to what existed between 1930 and 1946, now, of course, based on the circumstances and needs of our time.

But we have all seen what happened during these past 8 years, and the tragic disappointment suffered by our people after having entrusted their hopes and desires to the government which began in 1974. What is left of that entire process is a party in crisis and confused, in the hands of cliques and maneuverers who control political patronage in the country's different departments and who work with a spirit of solidarity to protect their soft jobs and advantages, but who do not have an exact identification with an ideology, or convictions or particularly an interpretation of the new realities of a nation heading toward the final part of the 20th century.

For example, those who have controlled the Liberal Party allowed, during the past 8 years (governing jointly with the Conservative Party and sharing many of its views on the handling of the country's social and economic problems) the advent of the large conglomerates which have monopolized the country's business firms; hundreds of business firms which had belonged to many owners in a process of democratic capital formation lasting several decades were, within 6 or 7 years, put into the hands of a few individuals and a few groups. Some time ago, it was said in Colombia that our country too could be a country governed by only 40 families. In what direction have we progressed? In the direction of what Colombia is today: a country monopolized by five conglomerates which control and determine the levers and mainsprings for handling the most important economic sectors of our society.

The saddest part about all this is that the people's feeling of sympathy and affection for the Liberal Party is still being played upon, and that feeling is quite legitimate for what the Liberal Party did during its best years on behalf of this country's transformation; but it is a feeling which is not deserved now by what the Liberal Party is, reduced to a secondary, vacillating and incoherent role, when it should be exercising a leadership that the country was expecting, a creative and definitive leadership for its transformation.

During these past months, through our efforts and as a result of the appeal that we have made not only to Liberals, but also to that vast independent group of fellow countrymen who are seeking the opportunity to express themselves politically, to influence the choice of their rulers and to participate in the direction of the Colombian state and the government's fundamental lines, we have expended all our forces for the organization of the movement which we have called "For a New Liberalism." "Liberalism" because we are proud of what the Liberal Party did for Colombia when it was actually guided by individuals committed to renewing, advanced and progressive ideologies. But "New" because we want to distinguish ourselves from the machinery to which the party has been reduced by those cliques dedicated to manipulating a people as defenseless and subjected as ours are, owing to their economic distress in most parts of the country.

Now we have been told that the Liberal Party could fall as a result of this ideological battle, this confrontation in which we are involved. We are all aware that there is no Liberal thinking or spirit in the country's government at present. We are all aware that a right wing mentality predominates; and, furthermore, we are all aware that the situation in 1946 cannot be compared with that of today. In 1946, Gabriel Turbay and Jorge Eliecer Gaitan were opposing one another because both wanted to give a response (which each one put in different terms) to the crisis which had occurred in the Liberal Party as a result of the incidents that brought about the resignation of Dr Alfonso Lopez Pumarejo. The party did not fall from the division in 1946. It fell as a result of the entire crisis caused first by the resignation of Dr Lopez Pumarejo and later by the decline in the credibility and leadership of the Liberals under those circumstances.

Today, the situation is different. Today, we by no means share with Dr Lopez Michelsen the current interpretation of the country's problems. I believe that there is a very serious crisis, and I believe that this crisis demands a response, not only from Liberals but from the country's independent and progressive forces as well, to solve the dilemma in which the nation finds itself. Dr Lopez has reduced everything to introducing himself as the candidate of peace; and the coincidence is odd. The first candidate of peace that existed in Colombia in recent years was Dr Alvaro Gomez Hurtado. Why? Because in 1974 Dr Gomez Hurtado was attempting to cover up the negative image attached to his name and person by the events of 1951 and 1952. Now, the one who seems to need covering up is Dr Lopez Michelsen. Peace is a concern of all Colombians, and we must devote all our energy to it, without exception. But peace cannot be used as a tool electorally, as Alvaro Gomez Hurtado attempted in 1974, and as Dr Lopez Michelsen wants to do again in 1982.

What is needed now is an electoral revolution, so that there will not be a violent revolution in Colombia; in other words, the nation needs to stand up. Every



Colombian must realize the responsibility that he has at present, and that the surmounting of the challenges and difficulties threatening the nation's destiny does not depend either on one man or one party, but rather on the entire nation, which must overthrow the machinery and cliques which have upset the performance of the state and the government in handling the various national problems. The people must obtain power, because the people do not have power today. That is evidence of the orientation of the recent governments, and the recent presidential terms. Our people's participation is needed, a participation which is not limited to a vote but (as we have stated in most of the squares in the republic) a conscious, thoughtful participation. Our people must develop a capacity for analysis and criticism to study their real situation. That is the best protection for a free people and a real democracy: not depending either on parties or leaders that are always temporary and always associated with a provisional role. What is important is a people aware of their rights, a united people, an organized people. Our efforts are aimed in that direction as well: toward achieving the creation of the elements that will lend the people that organization and that capacity for addressing the challenges of the present and those which will arise for our nation in the years to come. Only in this way shall we be able to achieve true national unity, and only in this way shall we be able to win power for the people.

The winning of peace is, of course, a constant challenge and a basic hope for the nation. Our people have been struggling to achieve peace for several decades. That is why they accepted the special institutions of the National Front to which Dr Lopez Michelsen was opposed. That is why the people overcame sectarianism and realized that it was not on those partisan hatreds, or on the basis of them, that the collective destiny could be built.

Peace is connected with many issues: the social and economic realities, the foreign interests which are attempting in one way or another to influence national life as a result of the competition that exists between the great powers seeking to dominate the globe. There is a vital factor for attaining peace, and it is that we Colombians can believe in our institutions insofar as they are authentic and real; that we can believe, primarily, in the electoral system as a means of expressing the collective will. For this, an anachronistic, slow and inefficient electoral system such as we have is of no use to us; a system wherein a month will be elapsing since the March elections, and at this point the final results are not yet known in several departments. Nor is it of any use to have an electoral system wherein the direct or indirect buying of votes is resorted to in order to influence the voter, paying in cash or paying in kind, as was done by many political groups associated with both Dr Lopez Michelsen and Dr Belisario Betancur in the last election campaign. If a Colombian believes in certain ideas, and thinks that those ideas cannot have an influence on the collective existence through institutional means, because the institutions do not operate or are artificial, then that Colombian will tend to believe that it is only through force that he can make his ideas become known in national life. We Colombians have the prime obstacle to achieving lasting peace in the ineffectiveness and artificiality of some of our political institutions, which have not yet achieved the ethical conduct and integrity that they require.

For all these reasons, because of the picture that we see of the national crisis, because of our repudiation of the behavior of the two parties and our concern

that the Liberal Party might disappear as a force for the renewal of this society, confining itself to interpreting the interests of the political cliques, we have assumed the responsibility for constructing the New Liberalism Movement, and I have accepted the presidential candidacy of that movement; a candidacy with which we shall proceed to the final consequences. That is to say, we shall strive insofar as necessary to restore to our people confidence in their leaders, in their system of institutions and in the effectiveness of their political parties. We shall not falter in the defense of our convictions, nor have we done so.

Colombians, I need your support. This effort is by no means a struggle of Luis Carlos Galan. I am merely an instrument of the collective conscience. I know that many Colombians are thinking of all this, are concerned about the country's situation, are viewing the national horizon with distress and want to intervene. Thus far, they have not been offered an opportunity to do so. Our effort is aimed at that, at giving our fellow countrymen the option of wielding a real influence in this serious national dilemma.

In the elections of 14 March, Bogota proved that it is, indeed, possible to defeat the machinery and the great instruments which the political cliques have. Here in Bogota, the current president of the republic has engaged in politics for over 40 years. Here in Bogota, Dr Lopez Michelsen has engaged in politics for over 25 years. Here in Bogota, Dr Lopez Michelsen's campaign manager has also engaged in politics, heading one of its Senate tickets. They were accompanied by 17 members of Congress, many deputies and many council members; nevertheless, we defeated all the opponents in an open contest. I believe that the same thing could happen on a national scale. Bogota paved the way. Here, where I submitted my name for the people's direct consideration, the people supported me. I know that now when my name is to be judged by the entire nation it will support me again. And, I repeat, it is not Luis Carlos Galan that is being supported. The victory will not be that of Luis Carlos Galan; it will be the victory of our nation. We must not allow ourselves to be intimidated by the size of the machinery and instruments which they have. When there is a just cause, when there are convictions and when there is determination, there is victory. And that is what the Colombian people need now: determination, courage and self-confidence. I am determined to fulfill my obligation and I hope that all my fellow countrymen, all of you, will back me in this definitive endeavor to enable Colombia to resolve the present national dilemma.

In my next televised addresses, I shall present to you more details on our social and economic platform, and I shall analyze other concrete matters. Today, I wanted to show the picture and urge you to participate in the managing of the national destiny. Good night and many thanks.



## BRIEFS

M-19 DYNAMITE THEFT--Cali, 8 Mar--An M-19 commando seized a load of dynamite last night in the neighboring town of Yumbo sufficient to blow up a large building, it was learned here today. Authorities confirmed that 228 sticks of medium strength dynamite and 400 meters of detonator wicks disappeared from the warehouse. The group that took credit for the strike was identified as "Commando Doris Grajales," the name of a woman guerrilla killed recently in combat in Caqueta. The authorities were cautious concerning the matter, but EL TIEMPO was able to learn that seven of the members of the clandestine movement first hijacked a bus. The guerrillas took Nelson Vargas, the driver, by surprise on a street in the aforementioned industrial site. He drove a bus belonging to the Trans-Industriales company, which usually travels between Yumbo and Cali. It was midnight. Vargas was so frightened that all he could remember was that there were seven people, but he did not recall if there were any women. The well-armed insurgents calmed the driver and issued instructions. Later, they went to the Colera powder works belonging to the Cementos del Valle company, located on the outskirts of Yumbo. There they overpowered the two guards on duty at that time and loaded 22 boxes of dynamite into the car. The guerrillas followed in the same bus and left it abandoned near Cali. [Text] [Bogota EL TIEMPO in Spanish 9 Mar 82 p 2-A] 9908

CSO: 3910/1277

WORKERS CRITICIZE COTORRO PEOPLE'S GOVERNMENT

Cotorro Administration Responds

Havana TRABAJADORES in Spanish 8 Dec 81 p 6

[Text] Cotorro, 12 November 1981  
Year of the 20th Anniversary of the Revolution

Magali Garcia More  
Assistant Editor, TRABAJADORES Newspaper  
Havana

Comrade:

We are herewith replying to the article published in our prestigious newspaper on 23 October, entitled "Natural Anxiety Expected over a Convincing Reply" and signed by comrade journalist Adela Estrada Juarez.

In view of the publication of this article and its content, the Executive Committee of the Cotorro Municipal People's Government made an analysis of the published article in a meeting held on 4 November. The meeting was attended by comrade Israel Sotolongo Daniel, representative of District 36, where the school is located, and also a nonprofessional member of the preceding Executive Committee. Comrade Daniel made several statements in the aforementioned article.

As a result of this meeting, it was agreed to send you this letter of reply, in which we list some of the basic aspects noted by the comrade journalist and our correct clarification of them.

First: With regard to the partial, unfinished construction of the Julio Antonio Mella School, this is the sole responsibility of the Military Construction Enterprise, which is the investor. We believe that part of the article's criticism should have been directed at the enterprise; however, this was not the case.

Second: The Julio Antonio Mella School does not have a septic tank, as stated in the article, but rather a drainage pipe for sewage leading to an oxidation pool. This drainage pipe occasionally becomes clogged and if the comrade

director of the center told the journalist that it had not been cleaned in 4 months, that is his responsibility, since it is his duty to notify either the Municipal Board of Education or the Department of Aqueducts directly, which gives priority to this kind of work when a school is involved. This has been the case previously with this and other municipal centers.

Third: Building materials were provided specifically because of this school's situation and at the request of comrade Representative Sotolongo Daniel to the People's Government so that, with the cooperation of neighboring residents, sidewalks and other minor structures could be built, thus making it unnecessary for the children to cross over muddy areas occurring in the area around the school, as shown in the published photograph. We must therefore clarify that this is not our responsibility, as the representative states in the article; the fact of the matter is that neighboring residents were unwilling to cooperate. The article stated contradictorily that the parents needed only the materials to solve this problem, but we do not know to which materials it is referring, since everything required has been there for several months, waiting to be used. However, it appears that they will go to waste if not used in time.

In view of the title of the comrade journalist's article and the foregoing explanatory statements, we believe that the convincing reply mentioned should, in the first place, be made by the Military Construction Enterprise and, secondly, by the school's director and, third, by the district's neighboring residents and mass organizations.

As for us, we are willing to make a specific, convincing reply concerning any existing problems and to provide the assistance necessary to improve the school. And although the school, as the comrade journalist states, is definitely in a deplorable condition, we must not forget that without the active and direct participation of the masses in solving community problems, such problems will go unsolved, since they require energy and aggressiveness and cannot be resolved with a magic wand, as our commander in chief stated in one of his speeches.

We would like to take this opportunity to invite the comrade journalist, Estrada Suarez, to honor us with a visit to our municipality and to give us the chance to show her everything which we have achieved, not only in the case of school repairs but also in the implementation and completion of about 80 social works for the public's benefit during the second 5-year plan. All of these works were completed with our people's efforts.

We have no doubt that the comrade journalist, like ourselves, will sense the revolutionary stimulus through the widespread opinion which our people have of the People's Government.

We sincerely believe that the publication of this article was useful on the whole, since it gave us the opportunity to make the respective clarifications and we know that, like ourselves, the comrade journalist only acted in the interest of improving this school's conditions for the benefit of our children, who are well deserving of such benefit from a school which also bears the glorious name of the distinguished antiimperialist revolutionary, Julio Antonio Mella.

With no further business to mention, trusting that you will be receptive to our reply, we remain yours, revolutionarily,

Mario Curtaya Lopez  
Chairman, Municipal Assembly  
People's Government, Cotorro

Josefina Exposito Boquete  
Secretary, Municipal Assembly  
People's Government, Cotorro

#### Public Not Satisfied

Havana TRABAJADORES in Spanish 25 Dec 81 p 4

[Text] Reply from our readers to the letter from the Cotorro People's Government, published on 8 December in reply to criticism by TRABAJADORES.

Havana, 8 December 1981  
Year of the 20th Anniversary of the Revolution

Comrade Magali Garcia More  
Assistant Editor, TRABAJADORES Newspaper  
Havana

Comrade:

We are writing to express our opinion concerning the article published in today's newspaper.

We feel it necessary to write you because we believe that the aforementioned article leaves much to be desired for readers who really need "specific and convincing replies" and not evasive ones which do not lead to any solution.

The fact is that the newspaper reported a school in the poorest condition. But what solutions were sought? What is going to be done? Who is at fault? What measures have been taken in their regard?

Thus we could ask many other questions which the article does not mention.

We disagree with the results of the analyses made:

First: By holding the Military Construction Enterprise solely responsible, the People's Government specifically denies its official role of checking and supervising all operations underway. At any level, this work is the specific duty of the People's Government and in the case of a school, it is the direct responsibility of the municipality. Thus how is this abandonment of responsibility to be interpreted? How does the People's Government check on the investments made in its municipality?

Second: It was stated that the director is responsible, by failing to do his duty, for the sewage pipe being clogged for more than 4 months. What measures have been taken in this regard?

Third: We consider this aspect to be the most important, as it most struck us as being unjust: "... the fact of the matter is that neighboring residents were unwilling to cooperate."

Our experience tells us that when the masses do not respond to an appeal, it is because that appeal is weak and does not reach them, that the links between the leadership and the masses have deteriorated or broken down. It is time to call on us to speak.

Does anyone know how many members of the party, Communist Youth, Committees for the Defense of the Revolution [CDR], internationalists, etc., were involved in this planning, which has been carried out so superficially?

The materials are there and it appears that they will go to waste. But such a trenchant analysis does not state what is being considered to prevent this from happening and it may be inferred that nothing has been done to prevent that point from being reached.

There is an obvious lack of communication between the municipality and the representative, who is part of the government in its most representative mass form.

We believe that any truly critical planning should be based on an analysis of the government in terms of its links with the masses and not on a denial of this.

Fourth: The first guilty party is the Military Construction Enterprise; second, the school's director and third, neighboring residents and that district's mass organizations; here again, the government's representative was not involved and his performance was therefore good; the CDR and neighboring residents are at fault; like Pontius Pilate, the People's Government has washed its hands of the affair.

Fifth: The masses do not act spontaneously; we have our party, our government, our Communist Youth, our trade unions, our CDR's, our federations, etc. They are the avenues of action which provide for the organized leadership of all the people in achieving the goals of the revolution. The masses respond to an organized task through some of these organizations. If these organizations fail to function properly, the masses do not know how to proceed.

Sixth: The invitation to the comrade journalist to become familiar with the goals which have been achieved in general does not at any time refute the fact that there has not been any response to this particular situation.

Eighth: Finally, this article would have been given a good reply if, instead of looking for all these factors, a meeting had been held with Military Works, the school's director, the government's representative, CDR's, etc., in which responsibilities would have been delegated and solutions sought, providing the people with assurance that this problem would be solved.

We believe that a dialogue is not productive if it does not lead to conclusions and that the newspaper should have made a critical analysis of the reply to the aforementioned article.

With revolutionary regards, two regular readers of TRABAJADORES.

Felipe Ubal Richero  
Onelio Martinez Adams

Our address:  
Work: Ironworks  
Calle Morales y 2da Rpto. Naranjo

11915  
CSO: 3010/947



CAMAGUEY RAILROAD ADMINISTRATION RESPONDS TO COMPLAINTS

Havana TRABAJADORES in Spanish 10 Dec 81 p 6

[Text] Mural 4

This section is devoted to the workers, regardless of their age, location, sex or productive activity.

With Mural 4, we are trying to bring together our newspaper and its readers, the workers. We therefore need your cooperation.

Write and tell us about your successes, initiatives and problems.

We want to know how production is proceeding in your labor center, what is happening in production and/or services assemblies, whom you are emulating, who is the most outstanding worker, and the best or least productive department. Of course, you can also tell us about your recreational activities and any material or anecdote that you wish to send us.

We hope to hear from you soon. Remember, we need your cooperation. Our address is: TRABAJADORES Newspaper, Virtudes No 257 between Galiano and Aguila, Havana.

Camaguey, 21 November 1981, Year of the 20th Anniversary of the Revolution

Comrade Antonio Alvarez Allue

Chief of Long Distance Transportation

Camaguey

Re: Incidents on Train No 3 on 5 and 6 October 1981

As part of the Western Division's Divisional Conference on Passengers of 18 November, a meeting was held to analyze the incidents which occurred on train no 3 on 5 October between Havana and Camaguey and on the same train on 6 October between Camaguey and Las Tunas. The meeting was chaired by Atty Adrian Betancourt, general director of railroad, and was attended by Alvaro Montero, Western Division director; Indalecio Gonzalez, chief of that division's Passenger Department; Eraclides Barrero and Leonardo Fernandez, both TRABAJADORES journalists; and myself.

The particulars of the incidents were published in the edition of 12 October and were confirmed by the two comrade journalists, who were eyewitnesses. The following fall under the jurisdiction of our division:

1) Upon leaving Havana, an elderly woman changed her seat because her window would not open and she suffered from asthma. The train's commercial conductor, from the Camaguey train base, rebuked her for having changed seats and made her occupy the seat assigned in the schedule.

2) After leaving the work room, the female attendant in car no 2 did not attend to her work, as she was sound asleep in her seat, as confirmed by the photograph taken by the journalists.

3) The commercial conductor of this train (no 3 of 6 October 1981) took no action whatsoever in this case.

In view of the foregoing, you shall proceed as follows:

1) The commercial conductor of train no 3 of 5 October 1981, which departed from the Central Station, shall be dropped to the rank of yard conductor for 15 days as a penalty for mistreatment of elderly persons.

2) The female attendant who fell asleep in car no 2 on train no 3 of 6 October 1981, from Camaguey to Las Tunas, shall be "permanently separated" from her job for failing to perform her duties.

3) The commercial conductor of train no 3 of 6 October 1981, from Camaguey to Las Tunas, shall be transferred to the post of yard conductor for 6 months for gross negligence.

I am attaching the photograph taken of the sleeping comrade female attendant by the comrades from the TRABAJADORES newspaper.

Please inform me of the date on which these measures are implemented.

With no further business to mention, I remain yours, revolutionarily,

Country or Death.

We shall triumph.

Mario A. Medina  
Chief, Passengers Department  
East Central Division

11915

CSO: 3010/947

## FREE MARKET VIEWED AFTER DOMESTIC TRADE CRACKDOWN

Havana BOHEMIA in Spanish 26 Mar 82 pp 56-58

[Article by Reinaldo Penalver Moral and Magda Martinez; passages enclosed in slantlines printed in boldface]

[Text] Operation "Bird on the Wire," a surprise inspection of the 12 peasant free markets in our capital by the Ministry of Domestic Trade and agents of the Economic Police, began a month before last Sunday, 21 March. BOHEMIA reporters interrupted their Sunday rest to visit some of these places and find out how they were doing after the necessary and effective cleaning out of the so-called intermediaries, violators of the law popularly known as /Bandidos de Rio Frio/.

Operation "Bird on the Wire" which was applauded by our people led to the arrest of 167 people who must answer to the people's tribunals for their illegal acts including selling the people products which, in the majority of the cases, are of questionable origin at outrageous prices. Those sellers who had their documents in order and made their sales normally did not have problems. This Sunday we saw them at their stands or kiosks selling their merchandise, mostly farm products, to knowledgeable clients who gave us the impression of being well versed in these supply and demand activities.

According to many people who were questioned at random by this reporter, Operation "Bird on the Wire" has already yielded good results.

While fitting several pounds of yucca in her basket, a young housewife told us: "We have noticed that treatment toward the client has improved and that the products they offer us have gone down in price. Not much but anything helps."

Another buyer at these markets told us:

"In spite of their clothes, you could see that those people who were taken away were not peasants. They were /dunces/ and treated the public rudely. I knew that the revolution would take measures against them."

La Palma market in the capital municipality of Arroyo Naranjo and Virgen del Camino market in San Miguel del Padron were the most affected since the

greatest number of violators were detected there. Some administrators who cooperated with the /Bandidos de Rio Frio/ were arrested like the administrator of the Virgen del Camino market.

We were told that this citizen, knowing that there would be a surprise inspection, told the night watchman to warn all the sellers who arrived with pork, definitely illegal, to disappear since there was going to be an inspection. The news circulated like wildfire using the password: "There is a bird on the wire." This meant: "Get lost or you will be arrested." This password which originated with gamblers tried to impede our authorities' actions against these people who were major intermediaries and violators of the law.

After touring several other markets this Sunday, 21 March, we visited Virgen del Camino market where we talked with its new administrator, comrade Roy Sotolongo, a young, hardworking man. He told us that he assumed his new position on 5 March and that it is his first experience in administrative work.

He said: "However, I hope to advance because everything is going well."

Sotolongo invited us to tour the area to explain the context of his new responsibility to us: to watch that every seller has his documents in order to sell his surplus products left after meeting state commitments.

The new administration of this market has made up a file for each peasant which includes personal data, farm data, etc. Each day when a peasant comes to the market, they look at him and mark down the merchandise that he brings and the documents that allow him to sell it.

When the sale is over, the surplus amount is noted in that file. This is done daily. Two people are responsible for it; they constantly tour the area to prevent infiltrations. There is also one office worker in charge of the documents and a gatekeeper who controls the entrance and departure of the authorized merchandise.

We told comrade Sotolongo some clients' concerns about the prices of the products which "have not gone down much" and continue being "a little high." He answered that "they (the peasants) are the ones who agree with the buyers, as is normal for this type of market."

He said that this market has a larger number of peasants than others. During the regular tours that he makes of the area, he has noted that relations between sellers and buyers have improved in all aspects since the roundup of the /Bandidos de Rio Frio/.

Nevertheless, we heard some complaints from clients who said that many products that were on that market weeks before were missing recently.

We asked a peasant about this. He explained to us that he knows of peasants in Guines who have garlic and rice but they need permission from the province where they live to take it to Havana City; this makes it difficult. "We cannot bring those products to the free market because we would be committing

a violation. We would like those transactions to be facilitated in some way and to provide more service so that this market continues to go at full speed without the need for intermediaries."

#### Current Topic

The events that recently happened in the peasant free markets are public. The measures were taken openly and clearly, not against the honest, hardworking peasant who sweats over his land daily but against violators of socialist legality.

It is proper to ask at this time why the peasant free market was created?

Regulations for these markets state that only the small farmers who have certified ownership of the land can go to these markets.

That is the essence. Other clauses indicate that the peasants, after carrying out their agreed sales with the state, can offer only surpluses over their production plans in those markets.

It also established a method of tax payment within the sales system. This is one more source for the people to use to satisfy their food needs.

The peasant who meets the mentioned requirements has the endorsement and guarantee to proceed with these activities.

Violators or embezzlers of social property have simply dedicated themselves to distorting the economic objectives of the peasant free market and have used it to reach their objectives of profiting and living off of the effort and work of others.

A similar breed--parasitic remnant that uselessly refuses to die off--are the so-called intermediaries, the partitioners, the opportunists and some state administration personnel.

These violators do not meet the requirements of the market regulations. These are second-hand exploiters. The weight of justice will fall only on them and the measures dictated go against this type of scum. Those who do not produce and want to live at the expense of the workers do not have guarantees within the principles of our society.

Perhaps now the established controls must be analyzed in depth. It was definitely demonstrated that they are weak. They did not control anyone. They only existed on paper and served to cover up the unpunished actions of these people.

Economic and supervisory mechanisms will be imposed because there is no other way to combat and eliminate all crime. Naturally, it is a slow but effective process.

Suggestions for the movement of merchandise must be gathered and studied. The peasants sometimes live in distant, remote areas and do not have transportation for this purpose.

These are details that should not be overlooked because the exploiters take advantage of these situations to operate.

There are some opinions about prices. That policy is established between the seller and the buyer. It is a free relationship of mutual consent between the two.

Some want the state to control these prices. This is not right. The state should be a tie between the interested parties; otherwise, the economic essence would be changed.

It is good to discuss this because these are opinions that circulate about the free market.

The Cuban peasants, with their tradition of struggle and with their indestructible alliance with the working class, know that the free market was created for the exclusive use of the men who reap the fruits of the earth. They and the agricultural-livestock production cooperatives are the bulwarks in this offensive against the enemies of the new society.

The basic features of the market do not accept or tolerate intermediaries, partitioners, exploiters and every other type of lazy scum. All the weight of the law goes against such violators of socialist legality.

All the respect, consideration and confidence that the revolution has always given the man of the field still goes to him.

It might be good to take up the past motto and keep it constantly fresh:  
"Peasants, yes! Bandidos de Rio Frio, no!"

7717  
CSO: 3010/1391



## GULF FLEET'S 1981 PRODUCTION REVIEWED

Havana MAR Y PESCA in Spanish Dec 81 pp 8-13

[Article by Jorge Julio Gonzalez: "1981, Good Year for the Gulf Fleet"; passages enclosed in slantlines printed in boldface]

[Text] This year we went to sea in a Lambda from the Gulf Fleet. What we saw, along with investigations on land, leads us to state that the Gulf Fleet has made 1981 a magnificent year. Although one cannot always venture to draw a priori conclusions--especially in fishing where production is subject to the unpredictable behavior of fish and weather--in this case we have the conviction and elements on which to base ourselves to state that when this article is published, the Gulf Fleet will be fulfilling its technical-economic plan satisfactorily.

A look at the development of the center tells us, for example, that the accumulated gross production plan (4,768.9 MP) reached 104-percent fulfillment in September with a liquid balance of 178,200 pesos. The fishing plan of the fleets had 103-percent fulfillment in spite of the negative effect of the weather in the first months of the campaign. This means that, with respect to the annual guideline figures, the enterprise had 80-percent fulfillment, needing only 869.9 tons for total fulfillment.

Specifically, the so-called /deep-sea fleet/--which operates in the Gulf of Campeche--worked at 106 percent in the period analyzed, reflecting yields of 137 kg per launch/day of fishing with a plan of 122 kg. The /platform fleet/ with its establishments in Boca de Jaruco, Cojimar, Jaimanitas and Cabanas caught only 93 percent of its plan for that date although it had a growth of 23 percent compared to the previous year.

At the end of three-fourths of the year, the yields for days/fishing were 116 percent for the platform fleet and 112 percent for the deep-sea fleet. One very interesting fact is the following:

	<u>Plan</u>	<u>Real</u>	<u>Previous Year</u>
Cost per peso of mercantile production	1.63	1.32	2.27
Cost per peso of production	1.63	1.45	2.76